



Town of Natick

FY 2010 Water & Sewer Rate Recommendations

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May 4, 2009



Town of Natick

2010 Water/Sewer Rate Setting

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Section I: Rate Methodology



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Section I: Rate Methodology

The Town of Natick operates the Water/Sewer Enterprise Fund for the purpose of financially accounting for the operations of providing Natick citizens clean, safe and potable water and sanitary sewer services. According to the Mass. Department of Revenue, an enterprise fund is established "under G.L. c. 44, § 53F½ to separately account for municipal services of a proprietary nature, *i.e.*, those services provided to individual customers for a charge in a manner similar to private business." Fees and/or rates are charged for this service and the fund is segregated from the other financial operations of the Town of Natick.¹

The proposed rates of the Water/Sewer Enterprise Fund are raised according to the following guiding principles:

- 1) Rates are sufficient to cover expenses in any given year.
- 2) Water rates are designed to foster conservation, thus the more you use, the more you pay.

The options presented on the following pages have been derived from a sophisticated model developed by Town of Natick staff. Every meter read and every account has been imported into the model from Fiscal Year 2006 to 2008. An average usage of each of the three years has been taken and rates applied to that average usage. (See Section III: Attachments for usage data). Staff will continue to review this model on an annual basis, thus insuring better data and quality by creating a larger sample with which to model upon. Similar to last year, the proposed revenue generated by account has been discounted by a factor of 93.2% to represent what we actually collect. Although we will bill 100% of what we read from meters, the Finance Department has consistently reported that close to 7% of bills are not paid on time, thus delaying the receipt of that collection to future fiscal years, often through a tax lien.

Impact of Rate Changes in FY 2009

Significant rate changes occurred in FY 2009. These changes – the elimination of the minimum bill and implementation of the administrative service fee, elimination of the 41-100 tier and truncation of tiers from 5 to 4, and the increasing of price difference between tiers – were

¹ For more information, please see Massachusetts Department of Revenue, Bureau of Accounts. [Informational Guideline Release 08-101, Enterprise Funds, G.L. c. 44, § 53F½](#). Commonwealth of Massachusetts. Boston, MA. April 2008.



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made in tandem with a sharp increase in the rates. The overall 23% increase in rates was necessary to account for decrease in usage from FY 2006 to FY 2007 and the lack of sustainable retained earnings necessary to augment rate revenue.

The goal of all of these changes was to create rates which were a) able to cover the costs of operations and b) able to be increased or decreased *moderately* in the successive years so as to avoid large spikes such as was necessary in FY 2009.

The projected results of FY 2009 are included under Section III: Attachment A. As a result of the rates set by the Water/Sewer Commissioners last June, the fund is projected to end the year in the black based upon operations. We feel confident that the fund will end the year achieving both of these goals – a net return of approximately \$620,000 to Retained Earnings guaranteeing that revenues will cover the costs of operations and in tandem with the proposed budget of FY 2010, only a nominal rate increase will be necessary to run the system in FY 2010.

Impact of FY 2010 Expenses – Operating & Capital

The establishment of rates for the Water/Sewer Enterprise Fund is directly a factor of the expenses necessary to provide the service. In other words, the Town of Natick must use an expense-driven model when determining expenses for the upcoming year. This gives a strong incentive to the commissioners and the operators to make sure those operations are as efficient and cost effective as possible.

For FY 2010, the proposed combined budget for the Water/Sewer Enterprise Fund is \$13,530,066 or an increase of 3.53%.

	FY 2009 Budget	FY 2010 Recommended	FY 09-10 Change	
			\$	%
Water & Sewer Enterprise Expenses				
Sewer	4,933,877	5,218,449	284,572	5.77%
Water	1,930,055	2,013,391	83,336	4.32%
Utility Billing	217,262	219,282	2,020	0.93%
Fringe Benefits	661,535	607,776	(53,759)	-8.13%
Debt Service	2,264,563	2,415,052	150,489	6.65%
Reserve Fund	200,000	200,000	-	0.00%
** Indirects** (included in G/F)	2,546,345	2,506,416	(39,929)	-1.57%
** Capital**	315,000	350,000	35,000	11.11%
Total Water & Sewer	13,068,637	13,530,366	461,729	3.53%



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This increase is being driven by two primary factors:

- a) Increase in the MWRA Assessment of 7.5% or \$303,964: The MWRA Assessment – the charge which the Town must pay for the treatment of the Town's sewage by the Massachusetts Water Resource Authority is on the rise. This cost could be higher if the Town had not worked in years past to continually limit the amount of excess water and storm water going into the sanitary sewer system (otherwise referred to as Infill & Infiltration or I&I work). Unfortunately, this is a fixed cost which is set by the MWRA and cannot be reduced by the Town. It must be paid.
- b) Increase in Debt Service of 6.65% or \$150,489: Debt Service is another fixed cost which must be paid as it is the cost of servicing (paying down) previously issued capital projects.

Of the \$461,729 of expense increase from FY 2009 to FY 2010, \$454,453 (or 98.4% of the increase) is attributable to those two fixed costs.

Staff worked to keep expenses in check in other areas, including:

- Elimination of 1.0 FTE vacant laborer
- Concessions from existing employees on Cost of Living Adjustments
- Lower utility estimates for summertime natural gas costs
- Lower health care & pension costs

Major Changes

There are no major changes initially proposed for the rates in FY 2010. Staff has, however prepared rate alternatives taking into account three outstanding areas from previous year's discussions:

- Implementing a Fire Connection Fee
- Implementing Averaging of bills for Apartment Complexes
- Implementing Averaging for Out-of-Town Customers



Section II:

Rate Recommendations

Rate Recommendations

Alternatives

- **Fire Connection Fees**
- **Apartment Averaging**
- **Out-Of-Town**
- **Alternatives Not Considered**



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Section II: Rate Recommendations

The Board of Selectmen, as the Water & Sewer Commissioners of the Town of Natick, is charged with setting rates necessary to generate revenues for the operation of the Water & Sewer Enterprise Fund on an annual basis. This memorandum sets forth one proposal for your consideration concerning rates for FY 2010, with a series of alternatives.

Rate Recommendation for FY 2010: 1.15% increase

The recommended rate of increase in order to cover the costs of operations is 1.15% over FY 2010. The majority of this increase is on the sewer portion of the rates given the fact that the majority of the expense increase is for the MWRA Assessment and sewer capital projects funded through debt service.

Staff does not recommend any change to the tiers, the degree of tiering, or the exemptions offered to qualified Natick citizens at this time for FY 2010.

Summary of Revenues & Expenditures for FY 2010:

	FY 2008 Budget	FY 2009 Budget	FY 08-09 %	FY 2010 Recommended	FY 09-10 Change	
					\$	%
Water & Sewer Enterprise Revenues						
User Charges	9,992,305	12,173,950	21.8%	12,314,366	140,416	1.15%
Connection Fees	94,291	95,000	0.8%	95,000	-	0.00%
Other Departmental Income	739,814	740,000	0.0%	700,000	(40,000)	-5.41%
Investment Income	81,930	60,000	-26.8%	45,000	(15,000)	-25.00%
Capital Article Closeouts/Transfers				162,304	162,304	#DIV/0!
Retained Earnings	2,675,000	-	-100.0%	213,696	213,696	#DIV/0!
Total Water & Sewer	13,583,340	13,068,950	-3.8%	13,530,366	461,416	3.53%
Water & Sewer Enterprise Expenses						
Sewer	4,743,775	4,933,877	4.01%	5,218,449	284,572	5.77%
Water	1,649,681	1,930,055	17.00%	2,013,391	83,336	4.32%
Utility Billing	231,116	217,262	-5.99%	219,282	2,020	0.93%
Fringe Benefits	604,816	661,535	9.38%	607,776	(53,759)	-8.13%
Debt Service	1,888,392	2,264,563	19.92%	2,415,052	150,489	6.65%
Reserve Fund	0	200,000	#DIV/0!	200,000	-	0.00%
Indirects (included in G/F)	2,379,592	2,546,345	7.01%	2,506,416	(39,929)	-1.57%
Capital	TBD	315,000	#VALUE!	350,000	35,000	11.11%
Total Water & Sewer	11,497,373	13,068,637	13.67%	13,530,366	461,729	3.53%

***signifies not part of the operating budget voted as part of Article 5, Section H at Town Meeting.*



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Rate Changes between FY 2009 and FY 2010

This page shows comparative rates between FY 2009 and 2010 in a variety of different rate categories and blocks. To calculate your bill, simply take your usage by tier and then apply the appropriate Rate for either Water and/or Sewer services.

Combined Water & Sewer Rates

FY 2009		FY 2010	
0-10	Water \$ 1.38	0-10	Water \$ 1.39
	Sewer \$ 3.85		Sewer \$ 3.90
11-20	Water \$ 2.20	11-20	Water \$ 2.22
	Sewer \$ 6.90		Sewer \$ 6.98
21-40	Water \$ 3.25	21-40	Water \$ 3.27
	Sewer \$ 11.40		Sewer \$ 11.57
40+	Water \$ 5.00	40+	Water \$ 5.05
	Sewer \$ 11.40		Sewer \$ 11.57

Combined Elderly Rates

FY 2009		FY 2010	
0-10	Water \$ -	0-10	Water \$ -
	Sewer \$ -		Sewer \$ -
11-20	Water \$ -	11-20	Water \$ -
	Sewer \$ -		Sewer \$ -
21-40	Water \$ 2.44	21-40	Water \$ 2.45
	Sewer \$ 8.55		Sewer \$ 8.68
40+	Water \$ 3.75	40+	Water \$ 3.79
	Sewer \$ 8.55		Sewer \$ 8.68

Water Only Rates

FY 2009		FY 2010	
0-10	Water \$ 1.38	0-10	Water \$ 1.39
11-20	Water \$ 2.20	11-20	Water \$ 2.22
21-40	Water \$ 3.25	21-40	Water \$ 3.27
40+	Water \$ 8.15	40+	Water \$ 8.15

Elderly Water Only

FY 2009		FY 2010	
0-10	Water \$ -	0-10	Water \$ -
11-20	Water \$ -	11-20	Water \$ -
21-40	Water \$ 2.44	21-40	Water \$ 2.45
41-100	Water \$ 3.75	41-100	Water \$ 3.79
40+	Water \$ 3.75	40+	Water \$ 3.79

Irrigation Rates

FY 2009		FY 2010	
0-10	Water \$ 2.50	0-10	Water \$ 2.55
11-20	Water \$ 5.00	11-20	Water \$ 5.05
21-40	Water \$ 6.65	21-40	Water \$ 6.65
40+	Water \$ 8.15	40+	Water \$ 8.15

Sewer Only Rates

FY 2009		FY 2010	
0-10	Sewer \$ 3.85	0-10	Sewer \$ 3.90
11-20	Sewer \$ 6.90	11-20	Sewer \$ 6.98
20+	Sewer \$ 11.40	20+	Sewer \$ 11.57

Water Only Multi-Unit (Pit)

FY 2009		FY 2010	
0-10	Water \$ 1.38	0-10	Water \$ 1.39
11-20	Water \$ 2.20	11-20	Water \$ 2.22
21-40	Water \$ 3.25	21-40	Water \$ 3.27
40+	Water \$ 5.00	40+	Water \$ 5.05



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Sample Bills & Increases by Rate Type

The following shows comparative bills between FY 2009 & FY 2010.

Current Rates			Proposed FY 2010 Rates			%
Standard Water and Sewer User			Standard Water and Sewer User			
Usage	Quarterly Amount	Annual Amount	Usage	Quarterly Amount	Annual Amount	
5	\$ 31.15	\$ 124.60	5	\$ 31.45	\$ 125.80	1.0%
20	\$ 148.30	\$ 593.20	20	\$ 149.90	\$ 599.60	1.1%
40	\$ 441.30	\$ 1,765.20	40	\$ 446.70	\$ 1,786.80	1.2%
75	\$ 1,015.30	\$ 4,061.20	75	\$ 1,028.40	\$ 4,113.60	1.3%
120	\$ 1,753.30	\$ 7,013.20	120	\$ 1,776.30	\$ 7,105.20	1.3%
Water Only User			Water Only User			
Usage	Quarterly Amount	Annual Amount	Usage	Quarterly Amount	Annual Amount	
5	\$ 11.90	\$ 47.60	5	\$ 11.95	\$ 47.80	0.4%
20	\$ 40.80	\$ 163.20	20	\$ 41.10	\$ 164.40	0.7%
40	\$ 105.80	\$ 423.20	40	\$ 106.50	\$ 426.00	0.7%
75	\$ 391.05	\$ 1,564.20	75	\$ 391.75	\$ 1,567.00	0.2%
120	\$ 757.80	\$ 3,031.20	120	\$ 758.50	\$ 3,034.00	0.1%
Elderly Discount Eligible			Elderly Discount Eligible			
Usage	Quarterly Amount	Annual Amount	Usage	Quarterly Amount	Annual Amount	
5	\$ -	\$ -	5	\$ -	\$ -	0.0%
20	\$ -	\$ -	20	\$ -	\$ -	0.0%
40	\$ 62.30	\$ 249.20	40	\$ 62.68	\$ 250.72	0.6%
75	\$ 357.35	\$ 1,429.40	75	\$ 359.13	\$ 1,436.52	0.5%
120	\$ 526.10	\$ 2,104.40	120	\$ 529.68	\$ 2,118.72	0.7%
Irrigation User			Irrigation User			
Usage	Quarterly Amount	Annual Amount	Usage	Quarterly Amount	Annual Amount	
5	\$ 17.50	\$ 70.00	5	\$ 17.75	\$ 71.00	1.4%
20	\$ 80.00	\$ 320.00	20	\$ 81.00	\$ 324.00	1.3%
40	\$ 213.00	\$ 852.00	40	\$ 214.00	\$ 856.00	0.5%
75	\$ 498.25	\$ 1,993.00	75	\$ 499.25	\$ 1,997.00	0.2%
120	\$ 865.00	\$ 3,460.00	120	\$ 866.00	\$ 3,464.00	0.1%
Water Only Multi Unit			Water Only Multi Unit			
Usage	Quarterly Amount	Annual Amount	Usage	Quarterly Amount	Annual Amount	
5	\$ 11.90	\$ 47.60	5	\$ 11.95	\$ 47.80	0.4%
20	\$ 40.80	\$ 163.20	20	\$ 41.10	\$ 164.40	0.7%
40	\$ 105.80	\$ 423.20	40	\$ 106.50	\$ 426.00	0.7%
75	\$ 280.80	\$ 1,123.20	75	\$ 283.25	\$ 1,133.00	0.9%
120	\$ 505.80	\$ 2,023.20	120	\$ 510.50	\$ 2,042.00	0.9%



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Sample Bills & Increases by Rate Type - Standard Water/Sewer User –

This chart shows in detail the different by use for the most common user of Water & Sewer services in the Town of Natick.

Usage	Fiscal Year		Difference	
	2009	2010	\$	%
0 \$	5.00	\$ 5.00	\$ -	0.0%
1 \$	10.23	\$ 10.29	\$ 0.06	0.6%
2 \$	15.46	\$ 15.58	\$ 0.12	0.8%
3 \$	20.69	\$ 20.87	\$ 0.18	0.9%
4 \$	25.92	\$ 26.16	\$ 0.24	0.9%
5 \$	31.15	\$ 31.45	\$ 0.30	1.0%
6 \$	36.38	\$ 36.74	\$ 0.36	1.0%
7 \$	41.61	\$ 42.03	\$ 0.42	1.0%
8 \$	46.84	\$ 47.32	\$ 0.48	1.0%
9 \$	52.07	\$ 52.61	\$ 0.54	1.0%
10 \$	57.30	\$ 57.90	\$ 0.60	1.0%
11 \$	66.40	\$ 67.10	\$ 0.70	1.1%
12 \$	75.50	\$ 76.30	\$ 0.80	1.1%
13 \$	84.60	\$ 85.50	\$ 0.90	1.1%
14 \$	93.70	\$ 94.70	\$ 1.00	1.1%
15 \$	102.80	\$ 103.90	\$ 1.10	1.1%
16 \$	111.90	\$ 113.10	\$ 1.20	1.1%
16.31 \$	114.72	\$ 115.95	\$ 1.23	1.1% Median Use/Quarter
17 \$	121.00	\$ 122.30	\$ 1.30	1.1%
18 \$	130.10	\$ 131.50	\$ 1.40	1.1%
19 \$	139.20	\$ 140.70	\$ 1.50	1.1%
20 \$	148.30	\$ 149.90	\$ 1.60	1.1%
25 \$	221.55	\$ 224.10	\$ 2.55	1.2%
26.57 \$	244.55	\$ 247.40	\$ 2.85	1.2% Average Use/Quarter
30 \$	294.80	\$ 298.30	\$ 3.50	1.2%
35 \$	368.05	\$ 372.50	\$ 4.45	1.2%
40 \$	441.30	\$ 446.70	\$ 5.40	1.2%
45 \$	523.30	\$ 529.80	\$ 6.50	1.2%
50 \$	605.30	\$ 612.90	\$ 7.60	1.3%
55 \$	687.30	\$ 696.00	\$ 8.70	1.3%
60 \$	769.30	\$ 779.10	\$ 9.80	1.3%
65 \$	851.30	\$ 862.20	\$ 10.90	1.3%
70 \$	933.30	\$ 945.30	\$ 12.00	1.3%
75 \$	1,015.30	\$ 1,028.40	\$ 13.10	1.3%
80 \$	1,097.30	\$ 1,111.50	\$ 14.20	1.3%
85 \$	1,179.30	\$ 1,194.60	\$ 15.30	1.3%
90 \$	1,261.30	\$ 1,277.70	\$ 16.40	1.3%
95 \$	1,343.30	\$ 1,360.80	\$ 17.50	1.3%
100 \$	1,425.30	\$ 1,443.90	\$ 18.60	1.3%
105 \$	1,507.30	\$ 1,527.00	\$ 19.70	1.3%
110 \$	1,589.30	\$ 1,610.10	\$ 20.80	1.3%
115 \$	1,671.30	\$ 1,693.20	\$ 21.90	1.3%
120 \$	1,753.30	\$ 1,776.30	\$ 23.00	1.3%



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Alternatives

As requested by the Water/Sewer Commissioners, staff ran calculations on the impacts of changing several components of the rates. These included:

a) Addition of a Fire Connection Fee

Summary: This fee would be assessed to businesses which have trunk lines of 2" to 10" running from the fire suppression system into their properties for the purpose of operating emergency sprinklers. The fee would be an annual charge of \$100/1 inch of diameter width of pipe; thus a 6" diameter water pipe would end up costing the entity \$600/annually. This fee is currently being charged by surrounding communities with large businesses (e.g. Framingham) and was recommended in the Abrahams Group report². This would affect around 155 Natick businesses. Staff believes it is a fair fee to implement, does not represent an unfair burden to those customers to whom it will be assessed and is being proposed in direct response to the fact that when emergency sprinkler systems are checked currently on an annual basis, the water being used is currently unbilled. This fee will serve to recoup the cost of at least some of that water.

Recommendation: Implement the Fee

Additional Revenue Generated / (Lost): \$75,000

Impact on Rates: Decrease of 0.65%

Resulting Rate Increase if Implemented: Increase of 0.5%

b) Averaging of Apartments

Summary: Averaging of apartments was requested last year along with the averaging of condominiums and other types of multi-family units. Staff recommended and the Commissioners voted *only* to implement averaging of condominiums for FY 2009 because of two major concerns: a) the ability of staff to implement averaging; and, b) concerns that the alternative – that of making condominium owners retrofit their units and buildings to individual meters would be cost prohibitive.

² The Abrahams Group. Town of Natick Water and Sewer Rate Study, Findings and Recommendations. December 2007, pages 7-8. The Abrahams Group report outlined several complicated approaches to Fire Suppression charges, distinguishing between public and private suppression and recommending that the Town setup various billing structures to implement suppression charges. After further examination, we believe that this simplified approach makes sense and is easier to implement.



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Averaging of apartment complexes has been requested along the same rationale which condominium averaging was originally requested – to average multi or pit meters in order to have a lower overall bill charged similar to how a single-family household would be charged.

Apartments are, however treated as fundamentally different as single-family homes and condominiums for several reasons

- i) Apartments are fundamentally businesses. While condominium units are assessed on the market approach, (just like single-family homes), apartments are assessed via income approach. The impact that this has on Water & Sewer rates is that any increases in costs to the owner are factored into the final assessment at year-end. If the owner's net income were to drop (e.g. because of higher costs of water), then it would be likely that their assessment would also be lower. Thus higher water rates may actually lead to a lesser tax burden on the owner. Higher operating costs also affect apartment owners income tax burden. Single-family homes and condominiums have no such ability to recoup the higher costs of water.
- ii) There is no guarantee that averaged water rates would actually be passed onto the tenants. State law requires that water be billed to the owner and that he/she distribute the cost of the water to the tenants via rent. Because tenants cannot pass on the costs of water rates directly to their tenants, there is no guarantee that averaging of apartments would result in a benefit to the renters.

This effects approximately 1300 customers.

Recommendation: Do not average apartments

Additional Revenue Generated / (Reduced): (\$422,000)

Impact on Rates: Increase of 3.5%

Resulting Rate Increase if Implemented: Increase of 4.65%

c) Out-of-Town Customers

Summary: The Town of Natick provides water services to residents of several neighboring communities. In several cases, this service is measured through the use of one or two multi or master (or "pit") meters – resulting in higher meter reads than if individual meters were being utilized. For several years, citizens of neighboring communities who utilize water from Natick



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have inquired into the possibility of averaging their bills similar to how condominiums are averaged in Natick.

Last spring, staff advocated against averaging these customers due to a series of issues surrounding collections, meter reads, liability and fairness to Natick residents. Over the course of the last year, staff has met with the town administration of neighboring communities in an effort to identify potential solutions to the current situation which may be mutually beneficial. To date, no agreement has been reached.

One offer which was made (though not finalized) was for the Town of Natick to average out-of-town customers water bills once a method had been established and appropriate meters installed to segregate irrigation usage. If averaging were instituted without segregation, non-Natick residents would be getting a better deal than Natick residents as their irrigation bills would effectively be averaged. It is staff's position that irrigation consumption charges should not be averaged – regardless of whether the customer is a Natick resident or a non-Natick resident – as such an approach is counter-productive to our conservation goals. If the out-of-town customers install electronically readable irrigation meters, it will allow us to read those meters and the master meter; the irrigation usage would be deducted from the master meter total to determine the domestic water usage. We would then be able to average and bill the domestic water usage and issue a separate bill for the irrigation water use.

Two key steps must occur before such a program can be implemented.

- (1) Agreements must be put in place (or amended, as applicable) with the municipality, neighborhood association or both. There are a number of safeguards that must be included such that developing these agreements will require negotiation, legal services and time.
- (2) The non-Natick residents must procure and install the required irrigation meters (compatible with our electronic reading system).

As these two steps will take time, it will not be possible to implement such a program for the FY 2010 rate-setting process. We do commit, however, to pursuing this diligently with the intent of having all necessary elements in place (subject to successful negotiations of the required Agreements) for the FY 2011 rate setting process.

This effects approximately 180-200 total customers.

Finally, it should be noted that out-of-town water customers currently pay Water Only Multi-Unit (Pit) rates - which means they pay the same amount for water consumed in the first three tiers, but actually pay less for water consumed over 40 HCF than those Natick residents who are billed for water only or irrigation usage. This has been a long-standing practice of the Town.



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Recommendation: Do not average out-of-Town customers at this time, but continue to work towards formalization of Agreements for FY 2011.

Additional Revenue Generated / (Reduced): (\$75,000)

Impact on Rates: Increase of 0.65%

Resulting Rate Increase if Implemented: Increase of 1.9%

Alternatives Not Considered

Expansion of exemptions and income-qualified reductions

Summary: Water/Sewer Commissioners asked staff at a prior meeting to investigate ways of broadening the discounted water & sewer rates the Town currently offers for elderly homeowners in Natick. Staff does not recommend any expansion at this time, though we will continue to research a fair and defensible means by which to expand the program and present to the Water/Sewer Commission for your review.

The current discounted rates are tied directly to the statutory exemptions allowed under M.G.L. for elderly and disabled individuals. The same means for qualifying for the existing exemptions also are applied to the discounted water/sewer rates. Natick would have to develop additional criteria and an evaluation system with which to expand the discounts. We will continue to work on this over the summer and fall and hope to report back to you options at the FY 2010 mid-year progress report in December 2009.

Averaging of irrigation meters

Summary: Staff does not believe irrigation rates should be averaged in any situation for two reasons. First, the rate structure as it is designed fosters and encourages conservation; averaging of water usage solely for a non-essential purpose would be counter-intuitive to that goal of the rate structure. Second, because irrigation is a secondary use of a natural resource, it is priced higher. To provide averaging for irrigation purposes would change that practice and result in a shift of the burden for raising revenue to those who solely use water for primary health and sustenance purposes.

Averaging of Laundromats

Summary: Staff does not recommend averaging bills for large water users, such as Laundromats. Although the burdens of tiered-rate structures do impose higher rates on businesses such as Laundromats, the principal of the tiered rates bill higher consumers of water regardless of the end use. The more you use, the more you pay. Businesses do have the ability pass on higher costs through changing the pricing mechanisms for their service.



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Towards FY 2011 and Beyond

Although the rates for FY 2010 are projected and recommended to be only 1.15%, the preliminary outlook for FY 2011 does not look as promising. Already, staff is anticipating increases in fixed costs which, unless alternative revenues can be generated or other lines of expense reduced in FY 2011, will result in higher rates. These include:

- **Higher MWRA Assessment:** The preliminary projected MWRA assessment for FY 2011 is approximately \$4,660,000 – or another \$300,000 higher than the current budgeted assessment.
- **Higher Debt Service:** If all projects are approved for FY 2010 by Town Meeting, the debt service in FY 2011 will be at most \$130,000 higher than FY 2010.
- **Higher Pension Costs:** A new actuarial will be available effective 1/1/2010, and staff is anticipating much higher pension assessments for all employees – general fund or enterprise fund – in order for the system to meet its state mandate of full-funding by 2028. We do not know at this time how much this will be.

In addition there is always the impacts of the weather and the economy which can have considerable and often times unpredictable effects on the health of the fund.



Section III: Attachments

-
- A - FY 2009 Y-T-D Revenues & Expenses (through March 31)**
 - B - FY 2010 Water/Sewer Operating Budget**
 - C - FY 2010 Water/Sewer Capital Budget & Requests**
 - D - FY 2010-2015 Water/Sewer Capital Plan**
 - E - FY 2003-2008 Retained Earnings History**
 - F - FY 2004-2009 MWRA Assessment History**
 - G - FY 2004-2010 Indirect Cost History**
 - H - FY 2006-2009 Summary Usage Data**
 - I - Proposed Water/Sewer Enterprise Fund Policies**

Water & Sewer Expenditure Summary - FY 2009 through 3/31/2009

Shown below is the Y-T-D Revenue & Expenditure Summary for the Water & Sewer Enterprise Fund. Through the first 9 months of the fiscal year, revenues collected are performing better than expectations by close to \$900,000, while expenses are under budget by close to \$1,500,000. From the Revenue perspective, this is expected because of higher usage billed in the Summer and Fall when irrigation usage is captured on bills. From the Expense side this is expected, because of when debt payments are scheduled and no use of the Reserve Fund through March 31st.

The columns on the far left are the total budget and the forecast at year-end. Revenues should be approximately \$400,000 higher than forecast while expenses at year end should be more than \$200,000 less than budgeted. All told, this should mean turnbacks close to \$620,000.

Revenues

	<u>Budget Y-T-D</u>	<u>Actual Y-T-D</u>	<u>Budget</u>	<u>Forecast</u>
Rate Revenue				
Water	\$ 3,652,091	\$ 4,092,215	\$ 4,869,455	\$ 5,019,784
Sewer	\$ 5,478,137	\$ 6,138,323	\$ 7,304,182	\$ 7,529,676
Rate Revenue	\$ 9,130,228	\$ 10,230,538	\$ 12,173,637	\$ 12,549,460
Investment Income	\$ 45,000	\$ 15,000	\$ 60,000	\$ 20,000
Liens	\$ 337,500	\$ 281,405	\$ 450,000	\$ 562,809
Betterments	\$ 150,000	\$ 15,068	\$ 200,000	\$ 30,135
Misc. Fees	\$ 138,750	\$ 216,590	\$ 185,000	\$ 324,886
Total Revenue	\$ 9,801,478	\$ 10,758,601	\$ 13,068,637	\$ 13,487,290

Expenses

	<u>Budget Y-T-D</u>	<u>Actual Y-T-D</u>	<u>Budget</u>	<u>Forecast</u>
Sewer	\$ 3,700,408	\$ 3,763,705	\$ 4,933,877	\$ 4,933,877
Water	\$ 1,447,541	\$ 1,536,364	\$ 1,930,055	\$ 1,930,055
Utility Billing	\$ 162,947	\$ 159,639	\$ 217,262	\$ 212,852
Fringe Benefits	\$ 496,151	\$ 499,983	\$ 661,535	\$ 661,535
Debt Service	\$ 1,698,422	\$ 448,636	\$ 2,264,563	\$ 2,264,563
Reserve Fund	\$ 150,000	\$ -	\$ 200,000	\$ -
Indirects (included in G/F)	\$ 1,909,759	\$ 1,909,759	\$ 2,546,345	\$ 2,546,345
Capital	\$ 236,250	\$ 32,383	\$ 315,000	\$ 315,000
Total Expenses	\$ 9,801,478	\$ 8,350,468	\$ 13,068,637	\$ 12,864,227

Balance of Operations	\$ -	\$ 2,408,133	\$ -	\$ 623,064
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Notes:

Year-end forecasts for rates assume 92% collection rates.



Town of Natick

FY 2010 Budget

Article 5

Section H:

Water/Sewer Enterprise Fund

Water & Sewer Enterprise Fund

Sanitary Sewer Collection & Disposal

Water Supply & Distribution

Utility Billing

Debt Service

Fringe Benefits

Budgetary Reserves

Indirects



Town of Natick

FY 2010 Recommended Budget

Finance Committee Revised Recommendation

Motions for Section H: Water/Sewer Enterprise

Motion for Water/Sewer Enterprise Fund - Section H under Article 5:

Move that the Town vote to appropriate the Total Budget Amount shown below for the purpose of operating the departments shown under the associated categories, said funds are to be expended under the direction of each Department Head or Director:

Sanitary Sewer

Salaries	\$	639,130
Expenses	\$	167,500
Other - Chgs. & Expenditures	\$	4,411,819

Total Sanitary Sewer	\$	5,218,449
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Water

Salaries	\$	910,191
Expenses	\$	911,700
Other - Chgs. & Expenditures	\$	191,500

Total Water	\$	2,013,391
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Utility Billing

Salaries	\$	98,582
Expenses	\$	120,700

Total Utility Billing	\$	219,282
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Fringe Benefits

Other Personal Services	\$	436,051
Other - Chgs. & Expenditures	\$	171,725

Total Benefits	\$	607,776
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Water & Sewer Debt Service

Principal	\$	1,777,370
Interest	\$	611,682
New Debt Service	\$	26,000

Total Debt Service	\$	2,415,052
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Water & Sewer Reserve Fund

Expenses	\$	200,000
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Total W & S Reserve Fund	\$	200,000
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Motion Total	\$	10,673,950
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And that the above Total Budget Amount be raised from the following sources:

Water-Sewer User Fees	\$	10,673,950
	\$	10,673,950



Town of Natick

FY 2010 Recommended Budget

Finance Committee Recommendation

Motions for Section H: Water/Sewer Enterprise

Water/Sewer Indirect Cost Allocations - Motion under Article 5

Move that the Town vote to approve the following indirect cost allocations raised in the General Fund:

PERCENTAGE ALLOCATIONS	TOTAL
DPW ADMINISTRATION	\$ 138,329
BUILDING MAINTENANCE	125,907
ENGINEERING SERVICES	364,839
GIS SERVICES	(62,896)
EQUIPMENT MAINTENANCE	384,479
HIGHWAY MAINTENANCE	134,745
PUBLIC SAFETY	321,431
FINANCIAL / ADMINISTRATIVE	563,180
DEBT SERVICE	80,058
PROPERTY INSURANCE	198,460
ENERGY	257,884

SUBTOTAL - GENERAL FUND	2,506,416
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And that the Sum of \$2,506,416 appropriated in the General Fund be raised from the following source:

Water-Sewer User Fees	\$ 2,506,416
(See Motion for Section G, Article 5: Shared Expenses (Unclassified))	\$ 2,506,416



Town of Natick

FY 2010 Budget

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Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Appropriation Summary

Sewer Operations

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010	
					\$	%
Total Salaries	589,954	591,741	665,522	644,518	-21,004	-3.2%
Total Operating Expenses	4,286,144	4,152,034	4,268,355	4,680,641	412,286	9.7%
Total Sewer Operations	4,876,097	4,743,775	4,933,877	5,325,159	391,282	7.93%

Water Operations

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010	
					\$	%
Total Salaries	844,798	853,948	902,255	914,576	12,321	1.4%
Total Operating Expenses	887,233	795,733	1,027,800	1,090,200	62,400	6.1%
Total Water Operations	1,732,031	1,649,681	1,930,055	2,004,776	74,721	3.87%

Utility Billing Operations

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010	
					\$	%
Total Salaries	83,294	87,649	96,562	99,636	3,074	3.2%
Total Operating Expenses	125,530	143,467	120,700	120,700	0	0.0%
Total Utility Billing Operations	208,824	231,116	217,262	220,336	3,074	1.42%

Employee Benefits

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010	
					\$	%
Total Employee Benefits	593,344	604,816	661,535	607,776	-53,759	-8.1%
Total Employee Benefits	593,344	604,816	661,535	607,776	-53,759	-8.1%

Debt Service

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010	
					\$	%
Debt Service						
Principal	1,248,735	1,314,051	1,629,665	1,777,370	147,705	9.1%
Interest	498,350	574,341	634,898	637,682	2,784	0.4%
Total Debt Service	1,747,085	1,888,392	2,264,563	2,415,052	147,705	6.6%
Total Debt Service	1,747,085	1,888,392	2,264,563	2,415,052	150,489	6.6%

Reserves

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010	
					\$	%
Total Reserve Fund	0	0	200,000	200,000	0	0.0%
Total Reserve Fund	0	0	200,000	200,000	0	0.00%

Total Water & Sewer Enterprise Fund	9,157,382	9,117,781	10,207,292	10,773,099	565,807	5.54%
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Indirects	2,350,634	2,379,592	2,546,345	2,506,416	-39,929	-1.57%
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Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Mission:

Water & Sewer Operations:

The mission of the Natick Department of Public Works is to maintain and improve in a cost-efficient manner the infrastructure, buildings, equipment, and recreational facilities of the Town and be ready and available to provide immediate and professional response to emergency situations.

The Department will provide safe and adequate drinking water and fire protection by maintaining and improving with available resources the water treatment plant, wells and water mains throughout town. The Department will also provide dependable and reliable trash collection and recycling services to the residents of the Town.

The Department will assist, support and cooperate with other Town departments, boards and commissions as well as other municipalities, State and Federal agencies in all relevant activities that promote and benefit the Town and the quality of life for the citizens of the Town.

Utility Billing Operations:

The Utility Billing office is responsible for the billing and collecting of Water and Sewer activity. This includes uploading the usage files received from DPW on a monthly basis, recording the receivable due to the Town of Natick, printing and mailing of water/sewer invoices, and posting water/sewer cash receipts. Also process abatements, corrections, final billing for real estate sales and special billings for backfills, valve work, etc, and maintain the senior citizen account designations with the Assessor's Office. Finally, this department is also responsible for answering customer inquiries and problem research.

Goals:

Water & Sewer Operations:

- Replace the 2" water main on Vermont Ave, Maine Ave, Massachusetts Ave, and Gannett Road with 8" D.I. water pipe
- Replace the 20 year old or older water service lines on Oak Street and Pine Street.
- Replace the valves on the H&T sand filters at the water treatment plant.
- Start media replacement on the air strippers and pressure filters at the water treatment plant.
- Upgrade SCADA software and hardware.
- Install flow meters at elm bank wells.
- Finish phase 5 water relining.

Utility Billing Operations:

Personnel Advancement

- Work with Personnel Director on customer service/team building
- Reconfigure Collector's Office personnel to facilitate better service

Enhance On-line, Web, Computer Applications

- Work with DPW to add on-line Geographic Information System (GIS) capabilities; create Executive Committee to enhance usability throughout organization
- Working with Information Technology department, work toward development of intranet

Budget Process Improvements

- With DPW, consider alternatives to water billing system

Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Goals (con't)

Utility Billing Operations:

Miscellaneous

- Implement new water billing system including averaging for condos
- Begin to assess opportunities for public information kiosk at Town Hall & Morse Institute Library

Budget Overview:

The Water & Sewer Enterprise Fund has three divisions within it: Sanitary Sewer, Water & Utility Billing.

Department of Public Works Sewer Division

I. Main Purpose of the Department

The Sewer Division operates and maintains over 131 miles of the sewer collection system and seeks to meet or exceed all federal and state mandates and guidelines governing the sewer collection system. The division monitors the town's thirty six sewer pump stations seven days a week. Personnel from this division are on call twenty four hours a day, seven days a week to respond to any sewer emergency.

II. Recent Developments

- Completion of the Speen Street and Park Avenue sewer main projects
- Continuation of the sewer mains relining program
- Replacement of Grove Road and Jennings Pond Sewer Pump Station

III. Current Challenges

- Implementation of the Infiltration and Inflow (I/I) study of the Town's sewer system
- Maintain program to alleviate chronic sewer back up areas
- Monitoring the sulfides in the sewer system
- Loss of Rate Reduction funding by the MWRA may impact MWRA rates.

IV. Significant Proposed Changes for the Upcoming Fiscal Year and the Budget Impact

- Increase to Sewer Pump Station/Line Maintenance to reline problem sewer mains and to continue the Degreasing Program.
- Increase of utility costs
- Fieldstone Lane and Crescent Street sewer pump station renovations

V. On the Horizon

- Coordination of the water and sewer line expansion and rehabilitation with the Natick Mall and Chrysler Road Housing Development

Department of Public Works Water Division

I. Main Purpose of the Department

The Water Division operates and maintains the Town's water wells and water treatment plant. It provides safe and potable drinking water throughout the 152 miles of distribution mains throughout Town. The Division is responsible for water meter calibration, reading over 12,500 meters, and the installation, inspection and testing of backflow prevention devices. In addition, the Division is responsible for water quality testing on a weekly basis, the testing and maintenance of 1,400 fire hydrants and the repair of water leaks. Personnel from this Division are on-call twenty four hours a day, seven days a week to respond to any water emergency.



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Budget Overview:

Department of Public Works Water Division (con't)

II. Recent Developments

- Implementation of the Environmental Management System (ISO 14001) at the Springvale Water Treatment Plant
- Completion of Backflow Prevention Program
- Phase 4 of the Water Main Relining program is completed
- Implemented a new water leak detection program to reduce unaccounted for water.
- Replacement of all residential water services on Speen Street

III. Current Challenges

- Continue to update the ISO 14001 Certification of the Springvale Water Treatment Plant
- Completion of the current contracts for the Phase 5 Water Main Relining program
- Replacement of all residential water services on Oak Street, Pine Street, Glen Street, and Union Street
- Structural and sanitary survey and inspection of both reservoirs and installation of chlorine injector system to the Town Forest Reservoir.

IV. Significant Proposed Changes for the Upcoming Fiscal Year and the Budget Impact

- Implement a new pump preventive maintenance schedule
- Significant increase in the cost of electricity.

V. On the Horizon

- Coordination of the water and sewer line rehabilitation with the Natick Mall and Chrysler Rd Housing Development.

Utility Billing Division

I. Main Purpose of the Department

The primary responsibility of the Department is the quarterly billing of 12,550 water and sewer accounts. These duties include preparation of quarterly invoices, dispute resolution with rate payers, special fee invoicing, etc. This Department is responsible for the certification of delinquent accounts to the Board of Assessors for inclusion as water and sewer liens transferred to real estate bills.

II. Recent Developments

In FY2010 a web application that will facilitate the public viewing of actual bills in a “.pdf” format will be implemented.

III. Current Challenges

The format and content of information included with the water and sewer bill is being evaluated for clarity. The goal is to improve the information provided to ratepayers. The budget request for FY2010 includes an additional \$10,000 for improvements to the billing software.

IV. Significant Proposed Changes for the Upcoming Fiscal Year and Budget Impact

A more informative billing format will be implemented in FY2010. This format will at a minimum include usage history, comprehensive explanation of bill calculation, and other informational materials. The budget request for FY2010 continues to include funding for improved notification to delinquent accounts, notification to subsequent/new property owners, and additional research/resolution for returned mail.



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer

Enterprise Fund

Budget Overview:

Utility Billing Division (con't)

V. On the Horizon

The development of increased Internet access to information and the development of information kiosks at Town Hall and Library are priorities for the near future.



Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Staffing

	2006	2007	2008	2009	2010
Water & Sewer Operations					
Water & Sewer Division Supervisor	1	1	1	1	1
Water & Sewer General Foreman	1	1	1	1	1
Administrative Assistant	0	1	1	1	1
Working Foreman	4	4	4	4	4
Heavy Equipment Operator	3	3	3	3	3
Skilled Laborer	7	6	6	6	5
Craftsman	3	3	3	3	3
GIS & Water Treatment Plant Supervisor	1	1	1	1	1
GIS Specialist	1	1	1	1	1
Chief Plant Operator	1	1	1	1	1
Night Operator	1	1	1	1	1
Station Operator	4	4	4	4	4
Utility Billing Operations					
Executive Assistant	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Department Support	0	0	0.1	0.1	0.1
Total FTE	29.0	29.0	29.1	29.1	28.1

Total FT/PT	29 FT / 0 PT	29 FT / 0 PT	29 FT / 1 PT	29 FT / 1 PT	28 FT / 1 PT
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Notes

Utility Billing Notes:

Departmental Support person:

works 960 hours total

720 hours allocated to collections

720

1950

0.4

240 hours allocated to utility billing

240

1950

0.1



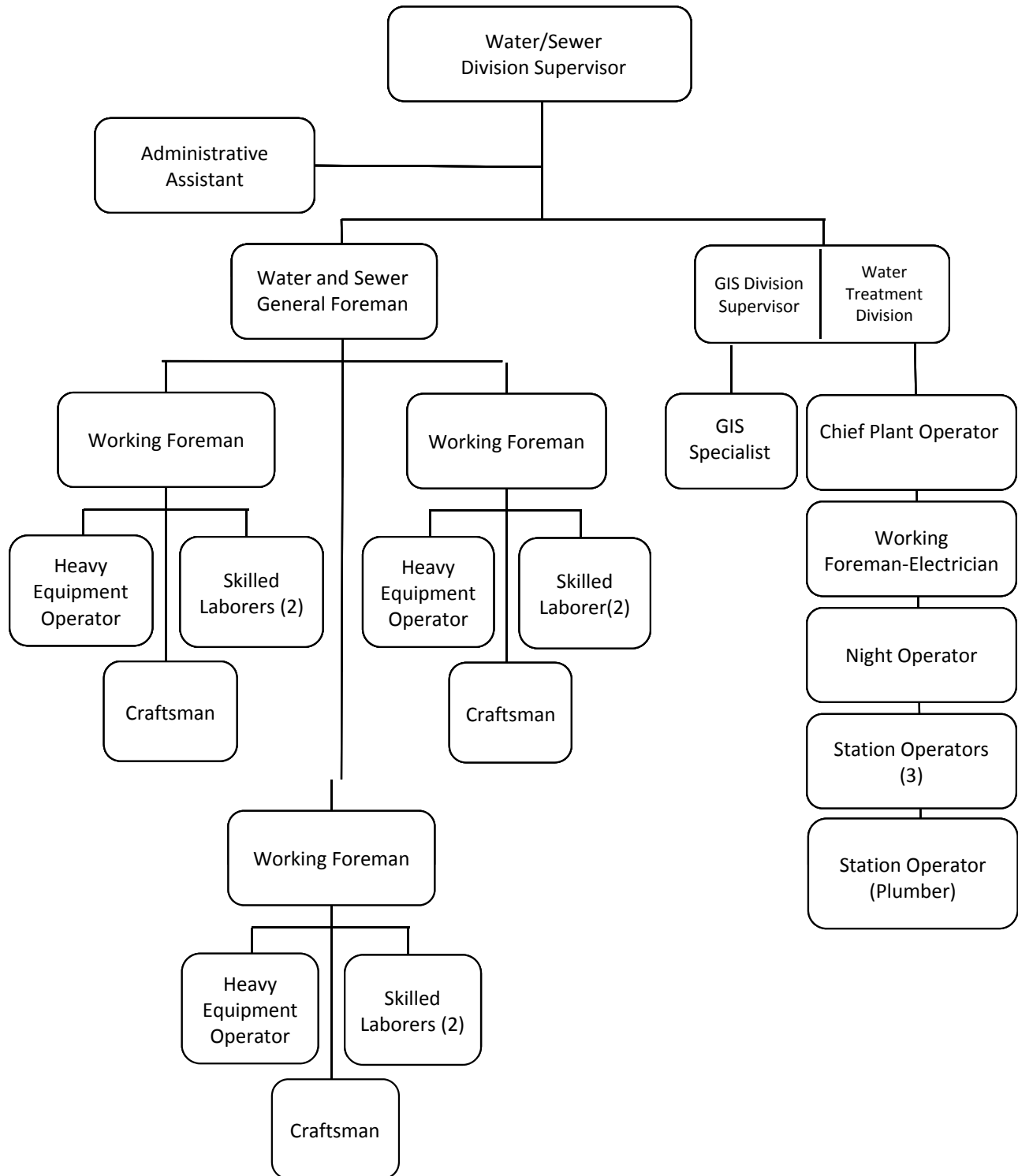
Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Organizational Chart



Note: Water & Sewer Divisions under the management of the Director of Public Works



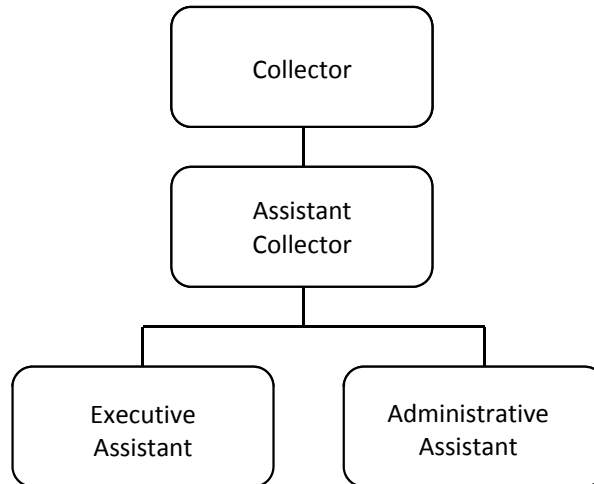
Town of Natick

Home of Champions

Department: Water & Sewer Operations

Enterprise Fund

Organizational Chart: Utility Billing Operations



Note: Utility Billing Division is under the management of the Finance Director / Treasurer / Collector



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Sewer Operations

	2007 Actual	2008 Actual	2009 Appropriated	2010 Recommended	2009 vs. 2010 \$ %	
Salaries Supervisory ¹	103,186	110,886	116,917	119,118	2,201	1.9%
Salaries Operational Staff ²	387,382	397,258	443,408	410,127	-33,281	-7.5%
Salaries Temp Oper. - Police Details	6,566	6,987	5,000	5,200	200	4.0%
Supervisory Additional Comp	10,050	11,400	12,550	15,700	3,150	25.1%
Operational Staff Additional Comp	24,266	24,292	31,485	31,485	0	0.0%
Operational Staff Overtime	58,504	40,918	56,162	57,500	1,338	2.4%
Personnel Services	589,954	591,741	665,522	639,130	-26,392	-4.0%
Repairs & Maint. Equipment	1,194	2,705	2,000	3,000	1,000	50.0%
Repairs & Maint. Other	3,000	2,973	3,000	3,000	0	0.0%
Utilities	83,617	91,007	137,000	137,000	0	0.0%
Purchase of Services	87,811	96,685	142,000	143,000	1,000	0.7%
Licenses - CDL & Special	450	420	1,000	2,000	1,000	100.0%
Clothing Allowance Operational Staff	3,150	3,150	3,500	3,500	0	0.0%
Other Services Inc.	3,600	3,570	4,500	5,500	1,000	22.2%
Tech & Prof Svs & MWRA Sulfide Testing	7,021	17,230	10,000	15,000	5,000	50.0%
Tech/ Prof. Services	7,021	17,230	10,000	15,000	5,000	50.0%
Repairs & Maint. Misc. Constr.	3,954	3,965	4,000	4,000	0	0.0%
Supplies	3,954	3,965	4,000	4,000	0	0.0%
Sewer Pump Station/Line Maintenance	118,022	36,944	50,000	50,000	0	0.0%
MWRA Sewer Assessment ³	4,065,734	3,993,641	4,052,855	4,356,819	303,964	7.5%
Water/Sewer Damage Claims	0	0	5,000	5,000	0	0.0%
Other Chgs. / Exp.	4,183,756	4,030,585	4,107,855	4,411,819	303,964	7.4%
Total Operating Expenses	4,876,097	4,743,775	4,933,877	5,218,449	284,572	5.8%

¹ Decrease of \$1,340 due to COLA adjustment.

² Decrease of \$45,673 due to COLA adjustment, early retirement & elimination of one position.

³ Decrease of \$101,322 in MWRA Assessment based upon revised information from MWRA.

Water Operations

	2007 Actual	2008 Actual	2009 Appropriated	2010 Requested	2009 vs. 2010 \$ %	
Salaries Supervisory ⁴	178,203	189,274	198,002	203,392	5,390	2.7%
Salaries Operational Staff ⁵	552,989	573,464	581,853	582,799	946	0.2%
Salaries Temp Operational	21,215	17,799	20,000	20,500	500	2.5%
Supervisory Additional Comp	17,450	20,608	26,050	26,050	0	0.0%
Operational Staff Additional Comp	23,502	23,198	32,650	32,650	0	0.0%
Operational Staff Overtime	51,439	29,606	43,700	44,800	1,100	2.5%
Personnel Services	844,798	853,948	902,255	910,191	7,936	0.9%
Repairs & Maint. Software	9,602	11,600	10,000	15,000	5,000	50.0%
Utilities ⁶	381,631	416,393	551,000	570,000	19,000	3.4%
GIS Software & Training	25,476	27,638	25,500	25,500	0	0.0%
Copy/Mail Center Fees	11,038	11,407	12,000	18,000	6,000	50.0%
Purchased Services: Miscellaneous	9,262	11,274	10,000	12,000	2,000	20.0%
Purchase of Services ⁷	437,009	478,312	608,500	640,500	32,000	5.3%
Licenses - CDL & Special	3,299	4,990	5,600	6,000	400	7.1%
Clothing Allowance Operational Staff	4,200	4,200	4,200	4,200	0	0.0%
Other Services Inc.	7,499	9,190	9,800	10,200	400	4.1%

⁴ Decrease of \$2,027 due to COLA adjustment.

⁵ Decrease of \$6,954 due to COLA adjustment and early retirement.

⁶ Decrease of \$30,000 due to lower natural gas charges in upcoming year.

⁷ Increase of \$22,000 overall due to correction of formula error.



Town of Natick

Home of Champions

Department: Water & Sewer				Enterprise Fund		
Implement SDWA Amendment	19,831	18,418	20,000	20,000	0	0.0%
Water Testing	21,225	19,460	20,000	25,000	5,000	25.0%
Tech./Prof. Services	41,056	37,878	40,000	45,000	5,000	12.5%
Repairs & Maint - Equipment	2,951	2,961	3,000	3,000	0	0.0%
Repairs & Maint - Facilities	1,887	2,000	2,000	2,000	0	0.0%
Repairs & Maint - Hydrants	10,000	9,990	10,000	10,000	0	0.0%
Repairs & Maint - Misc. Repairs	17,545	18,979	18,000	18,000	0	0.0%
Repairs & Maint - Misc. Constr	19,605	17,850	18,000	18,000	0	0.0%
Supplies⁸	51,988	51,779	51,000	51,000	0	0.0%
Chemical Supplies	84,858	104,863	100,000	120,000	20,000	20.0%
Obsolete Meters	20,269	21,139	20,000	30,000	10,000	50.0%
Service Connections	12,988	12,968	13,000	15,000	2,000	15.4%
Other Supplies	118,115	138,969	133,000	165,000	32,000	24.1%
Water Well/Water Line Maint.	77,562	45,442	150,000	150,000	0	0.0%
New Hydrant Installation	13,072	10,000	10,000	10,000	0	0.0%
Asphalt Crushing	9,800	8,983	9,000	15,000	6,000	66.7%
Legal Services - Litigation	118,843	365	-	-	-	-
DEP Assessment	10,216	12,742	14,000	14,000	0	0.0%
MWRA Discharge Permit	2,073	2,073	2,500	2,500	0	0.0%
Other Charges/Expenditures	231,567	79,605	185,500	191,500	6,000	3.2%
Total Operating Expenses	1,732,031	1,649,681	1,930,055	2,013,391	83,336	4.3%

Utility Billing

	2007 Actual	2008 Actual	2009 Appropriated	2010 Requested	2009 vs. 2010	
					\$	%
Salaries Operational Staff⁹	83,129	87,044	89,408	91,215	1,807	2.0%
Part-Time Operational Staff¹⁰	-	-	4,808	4,896	88	1.8%
Operational Staff - Additional Comp	-	-	346	471	125	36.1%
Operational Staff Overtime	165	605	2,000	2,000	0	0.0%
Personnel Services	83,294	87,649	96,562	98,582	2,020	2.1%
Repair & Maint Equipment	378	4,969	4,000	4,000	0	0.0%
In State Travel/Meetings	-	500	500	500	0	0.0%
Training & Education	2,400	2,500	2,500	2,500	0	0.0%
Communication Telephone	904	1,363	1,500	1,500	0	0.0%
Communication Postage	18,444	17,098	20,000	20,000	0	0.0%
Collection Activities	160	17,911	10,000	10,000	0	0.0%
Copy/Mail Center Fees	34,121	38,775	33,000	33,000	0	0.0%
Purchase of Services	56,406	83,116	71,500	71,500	0	0.0%
Audit Water/Sewer	13,000	-	-	0	0	#DIV/0!
Professional Serv. Misc.	-	14,000	-	0	0	#DIV/0!
Water / Sewer Rate Study	-	-	-	0	0	#DIV/0!
Utility Billing Software	8,459	5,000	15,000	15,000	0	0.0%
Utility Billing Printing	44,033	37,317	30,200	30,200	0	0.0%
Tech/Prof. Services	65,492	56,317	45,200	45,200	0	0.0%
Office Supplies	3,632	4,034	4,000	4,000	0	0.0%
Supplies	3,632	4,034	4,000	4,000	0	0.0%
Total Utility Billing	208,824	231,116	217,262	219,282	2,020	0.9%

⁸ Decrease of \$9,000 due to formula error.

⁹ Decrease of \$908 due to COLA adjustment.

¹⁰ Decrease of \$147 due to COLA adjustment.



Town of Natick

Home of Champions

Department: Water & Sewer

Enterprise Fund

Employee Benefits

	2007 Actual	2008 Actual	2009 Appropriated	2010 Requested	2009 vs. 2010	
					\$	%
FICA {Medicare}	14,123	14991	13,750	19,200	5,450	39.6%
Insurance Group Health & Life	362,932	358455	407,532	376,362	-31,170	-7.6%
LIUNA Pension	31,343	36888	37,018	40,489	3,471	9.4%
Other Personnel Services	408,398	410,333	458,300	436,051	-22,249	-4.9%
Funding Schedule (22 Year) (W&S)	184,946	194,483	203,235	171,725	-31,510	-15.5%
Other Charges & Expenditures	184,946	194,483	203,235	171,725	-31,510	-15.5%
Total Employee Benefits	593,344	604,816	661,535	607,776	-53,759	-8.1%

Water & Sewer Debt Service

	2007 Actual	2008 Actual	2009 Appropriated	2010 Requested	2009 vs. 2010	
					\$	%
1992 Elm Bank * Refunded (2003)	160,000	155,000	155,000	150,000	-5,000	-3.2%
1997 Water Treatment Plant* Refunded (2008)	25,000	25,000	25,000	30,000	5,000	20.0%
1998 Water Treatment Plant	63,000	63,000	63,000	62,000	-1,000	-1.6%
1999 Waterline Lakeshore Road	25,000	25,000	25,000	25,000	0	0.0%
2000 Waterline Lakeshore Rd	30,000	30,000	30,000	25,000	-5,000	-16.7%
2002 Water Mains North Main/Pine/North Ave.	140,000	140,000	140,000	140,000	0	0.0%
2002 Water Mains Bacon/North Sts	70,000	70,000	70,000	70,000	0	0.0%
2002 Water Meters	180,000	180,000	180,000	180,000	0	0.0%
2003 MWPAT Trust	202,105	202,401	210,015	215,720	5,705	2.7%
2005 Water Meters	35,000	35,000	35,000	35,000	0	0.0%
Water Principal Sub-Totals	930,105	925,401	933,015	932,720	-295	0.0%
1998 Sewer-Pleasant/Rockwood/Scarsdale	11,000	11,000	11,000	12,000	1,000	9.1%
1999 Sewers-Eliot/Union/Pleasant & Others	40,000	40,000	40,000	40,000	0	0.0%
1999 Sewer Union Street	35,000	35,000	30,000	30,000	0	0.0%
2000 Boden Lane Pump Sta	50,000	50,000	45,000	45,000	0	0.0%
2000 Sewer Water, River, Lincoln, Cohn St	45,000	45,000	45,000	45,000	0	0.0%
2002 Sewer Lakeshore Rd	25,000	25,000	20,000	20,000	0	0.0%
2002 Sewer Leach Lane	10,000	10,000	10,000	10,000	0	0.0%
2005 Sewer I/I	67,650	67,650	67,650	67,650	0	0.0%
2006 Sewer-Speen/Park	-	105,000	105,000	105,000	0	0.0%
Sewer Principal Service Sub-Totals	318,630	388,650	373,650	374,650	1,000	0.3%
Phase V Water Relining	-	-	300,000	300,000	0	0.0%
Estimated Final Phase V Water Relining	-	-	-	140,000	140,000	#DIV/0!
2008 Capital Equipment	-	-	23,000	30,000	7,000	30.4%
Paydowns on Pending Issues Sub-Totals	-	-	323,000	470,000	147,000	45.5%
Principal Totals	1,248,735	1,314,051	1,629,665	1,777,370	147,705	9.1%
1992 Elm Bank	33,175	29,438	24,400	19,050	-5,350	-21.9%
1997 Water Treatment Plant	14,794	13,531	12,232	6,500	-5,732	-46.9%
1998 Water Treatment Plant	36,481	33,819	30,905	27,780	-3,125	-10.1%
1999 Water Line Lakeshore	16,713	15,600	14,463	13,300	-1,163	-8.0%
2000 Waterline Lakeshore Road	19,231	17,769	16,307	14,950	-1,357	-8.3%
2002 Water Meters	45,990	38,790	31,410	23,760	-7,650	-24.4%
2002 Water Mains No Main/Pine/North Ave	35,770	30,170	24,430	18,480	-5,950	-24.4%
2002 Water Mains Bacon/No Main Sts	17,885	15,085	12,215	9,240	-2,975	-24.4%
2003 Water Treatment Plant MWPAT Trust	145,890	131,688	124,072	118,366	-5,706	-4.6%
2004 Water Meters	10,063	9,188	7,963	6,913	-1,051	-13.2%
Interest on Debt Water Sub-Totals	375,990	335,077	298,397	258,338	-40,059	-13.4%
1998 Sewer-Pleasant/Rockwood/Scarsdale	7,119	6,654	6,145	5,570	-575	-9.4%



Town of Natick

Home of Champions

Department: Water & Sewer				Enterprise Fund		
1999 Sewers-Eliot/Union/Pleasant & Others	24,198	22,418	20,598	18,738	-1,861	-9.0%
1999 Sewer Union Street	19,088	17,530	16,053	14,658	-1,396	-8.7%
2000 Sewer Boden Lane Sta	11,423	8,930	8,029	27,670	19,641	244.6%
2000 Sewer Water, River, Lincoln, Cohn St	29,832	27,693	24,086		-24,086	-100.0%
2002 Sewer Lakeshore Rd	15,435	14,435	13,410	12,560	-850	-6.3%
2002 Sewer Leach Lane	7,515	7,115	6,705	6,280	-425	-6.3%
2006 Sewer-Speen/Park	-	127,181	79,275	74,681	-4,594	-5.8%
Interest on Debt Sewer Sub-Totals	114,608	231,956	174,301	160,156	-14,145	-8.1%
Phase V Water Relining	-	-	135,000	111,375	-23,625	-17.5%
Estimated Final Phase V Water Relining		-	-	56,000	56,000	#DIV/0!
2008 Capital Equipment	-	-	7,200	5,813	-1,388	-19.3%
Paydowns on Pending Issues Totals	-	-	142,200	173,188	30,988	21.8%
Bond Anticipation Notes	7,752	7,309	20,000	46,000	26,000	130.0%
Total Interest	498,350	574,341	634,898	637,682	2,784	0.4%
Total Water & Service Debt Service	1,747,085	1,888,392	2,264,563	2,415,052	150,489	6.6%
Reserve Fund						
	2007 Actual	2008 Actual	2009 Appropriated	2010 Requested	2009 vs. 2010	
					\$	%
Reserve Fund	-	-	200,000	200,000	0	0.0%
Total Reserve Fund	-	-	200,000	200,000	0	0.0%



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer Operations Line-Item Detail

Enterprise Fund

Narrative:

Sanitary Sewer Operations

Personnel Services

Salaries Supervisory: To fund the positions of Coordinator of Technical Services and .5 of the Supervisor of Sewer and Water, who oversees this division.

Salaries Operational Staff: To fund eleven employees who maintain and repair the sewer mains in the town.

Salaries Temporary Operational: This fund is for police details for work done in the roadways and part time help.

Supervisory Additional Compensation: This fund is for education incentive stipends and service award.

Operational Staff Additional Compensation: This fund is for longevity and temporary upgrades per union contract.

Operational Staff Overtime: This fund is for emergencies and callbacks after normal operating hours.

Purchase of Services

Equipment Repairs/Maintenance: This fund is for the repairs and maintenance of the town's thirty six sewer pump stations which include check valves, motor starters, mechanical seals, etc.

Repairs/Maintenance Other: This fund is for the repairs and maintenance of the alarms, wiring and fencing.

Electricity: This fund is for the use of electricity at the Sewer Pumping Stations.

Other Services (Misc.)

Licenses CDL and Special: This fund is for the reimbursement to the employees for license renewals, CDL, Hoisting, etc.

Clothing Allowance Operational Staff: This fund is for the clothing allowance per union agreement.

Tech & Professional Services

Professional Services-MWRA/Sulfide Testing: This fund is for the testing of the sewer before it enters the Massachusetts Water Resource Authority (MWRA) sewer system and other professional services dealing with this issue as required by the municipal discharge permit.

Supplies

Miscellaneous Construction Repairs and Maintenance: This fund is for the repairs and maintenance of sewer pipe, fittings, sewer camera, manhole covers and sewer rod equipment.

Other Charges

Sewer Line Maintenance: This fund is used for the engineering, repairing, maintenance and rehabilitation of the thirty six sewer pump stations and for the 150 miles of sewer mains such as television sewers, replacement of sewer pipe and manholes.

Massachusetts Water Resource Authority (MWRA) Assessment: This fund is for the costs of the town's sewer discharge into the MWRA sewer collection system.

Water Operations

Personnel Services

Salaries Supervisory: To fund the positions of GIS Technician, CADD GIS Technician and .5 Supervisor of Water and Sewer, who oversees this division.

Salaries Operational Staff: To fund thirteen employees positions who maintain and repair the water distribution system.

Salaries Temporary Operational: This fund is for police details for work done in the roadways and for part time help.

Supervisory Additional Compensation: This fund is for education incentive stipends and service award.



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer Operations Line-Item Detail

Narrative:

Water Operations (con't)

Operational Staff Additional Compensation: This fund is for longevity and temporary upgrades per union contract.

Operational Staff Overtime: This fund is for emergencies and callbacks after normal operating hours.

Purchase of Services

Repairs and Maintenance Software: This fund is used for the Scada System at the Water Treatment Plant. It covers the upgrade of intrusion software, hardware replacements and other related computer items.

Electricity: This fund is for the use of electricity at the Water Treatment Plant, Evergreen Wells, Morse's Pond Well, Elm Bank Well and the Booster Station at Captain Toms Hill.

Copy Mail Center: This fund is for department's share of the copy/mail center cost.

Purchased Services Miscellaneous: This fund is used for supplies and equipment including printers, computers, computer hardware etc.

Other Services Misc.

Licenses CDL and Special: This fund is for the reimbursement to the employees for license renewals, CDL, Hoisting, Water, memberships to NEWWA, etc.

Clothing Allowance Operational Staff: This fund is for the clothing allowance per union agreement.

Safe Drinking Water Act (SDWA) Amendment: This fund is for all Volatile Organic Compounds (VOC) water and other tests mandated by the Department of Environment Protection (DEP), Environmental Protection Agency (EPA) and Safe Drinking Water Act (SDWA).

Supplies

Water Tests: This fund is for all weekly water testing which includes coliform, manganese, fluoride, lead and copper.

Equipment Repairs/Service: This fund is for the repair of metal detectors, hoses and tapping machine.

Facility Repairs and Maintenance: This fund is for the repairs of locks, the purchase of propane gas and belts for air strippers.

Hydrant Repairs and Maintenance: This fund is used to repair and maintain the 1,200 fire hydrants in town.

Miscellaneous Construction Repairs and Maintenance: This fund is for replacing old water gates, ductile iron water pipe, gate boxes, large pipe fittings, tapping sleeves and gates.

Other Supplies

Chemical Supplies: This fund is for the chemicals (chlorine gas, hydroflousilic acid and potassium permanganate) injected into the water.

Replace Obsolete Meters: This fund is for the replacement of large water meters and flow meters for the water wells and for the calibration of large meters, etc.

Service Connections: This fund is to replace old water line services and replacing the water line in the streets that are to be repaved, including one inch plastic water pipe, curb stops, brass fittings, service boxes and cellar valves, etc.

Other Charges & Expenditures

Water Line Maintenance: This fund is for repairs and maintenance at the water treatment plant, water pump stations and water wells, consultant fees and emergencies.

New Hydrant Installation: This fund is for the installation and replacement of old fire hydrants.

Asphalt Crushing: This fund is used to hire a crusher for the gravel pit to recycle extra dirt and asphalt.

Department of Environment Protection Assessment: This fund is used for the DEP annual assessment.

Massachusetts Water Resource Authority Discharge Permit: This fund is used to pay the Massachusetts Water Resource Authority for the water discharge permit at the water treatment plant.



Town of Natick

Home of Champions

FY 2010 Budget Development

Department: Water & Sewer Operations Line-Item Detail

Narrative:

Utility Billing Operations

Personnel Services

Salaries Operational Staff Salaries for two staff positions are funded in this line item. This positions are responsible for preparation of monthly water and sewer charges, special billings (final bills, flat charges, etc.), printing of water / sewer bills, posting payments, customer service inquiries, file maintenance, etc. A full time position has been reduced in the Collector's budget after an employee retirement. This position (Administrative Assistant) will be funded in the amount of 50% via indirect charge to the General Fund. The addition of a part time position is also included in this staffing change.

Part Time Operational This funds 240 hours of part time operational staff. This position will provide administrative / clerical support to the Finance Director/ Collector and will be available during peak receipt periods to supplement the full time Utility Billing staff.

Overtime Operational This funds overtime worked by operational staff during peak receipt periods.

Purchase of Services

Repairs and Maintenance This is for the maintenance and repair of business equipment used in the Collector's office for Utility Billing purposes. The primary equipment is the high speed laser printer used for production of the water / sewer bills and bar code scanning equipment, etc.

In State Travel/Meetings For attendance at Department of Revenue seminars, Treasurer / Collector Association meetings, and administrative / clerical support staff seminars.

Training and Education The costs related to POINT Software training, Neptune meter reading and inventory systems, and PC specialized training seminars, etc.

Communication Telephone This is the proportional costs assigned to the Utility Billing for telephone service.

Communication Postage This is the direct cost associated with the mailings from the Utility Billing Collector's Office. (Water / Sewer bills, water quality survey, water ban, etc.) This item is reduced to reflect the actual amounts expended over the past several years. There has not been a need to mail notices for a mandatory water BAN. Costs will also be reduced as a result of utility billing enhancements which include CASS certified mailing of bills.

Collection Activities These funds are for additional mailings of notices of unpaid / delinquent charges, and demand bills, and other accounts receivable.

Copy/Mail Center Fees This is the proportional cost assigned to the Utility Billing Collector's Office for mail center labor for mail handling and copy charges.

Technical & Professional Services

Utility Billing Software This is utilized for minor programming modifications for water / sewer billing. These would include modifications not included in the annual maintenance that Point Software provides for the Water and Sewer receivable / collection system. The annual maintenance contracts for all Point Software applications are included in the Information Technology budget. This line item was increased by \$10,000 in FY2009 to facilitate the programming / modifications of an improved bill format, revenue forecasting, and web applications.

Utility Billing Printing The cost of services and supplies for the preparation of water / sewer bills including forms, consumables (toner), CASS certification software (Accu-Zip). This line item was increased to include a non capital lease for software to facilitate CASS certified mailings (see reduction in Postage).

Supplies

Office Supplies General office supplies for the Utility Billing Collector's Office for employee benefit and bank reconciliation functions.



Town of Natick

Home of Champions

Department: Water & Sewer Operations Line-Item Detail

Employee Benefits

Pays for benefits for Water & Sewer Benefit eligible employees.

Debt Service

Principal Payments:

The requested budget amount of \$1,777,370 represents repayment of principal for multiple water and sewer capital improvement projects.

Interest Payments:

The requested budget amount of \$637,682 represents the respective interest payments associated with general obligation bonds issued for water and sewer projects. Of that amount, \$46,000 represents the estimated amount for Bond Anticipation Notes & issue costs (bond counsel, financial advisor, rating agency fees, etc.) for authorized borrowings.

Reserve Fund

Covers \$200,000 for emergencies & unforeseen contingencies within the fund.

**Town of Natick**

Home of Champions

Department: Water/Sewer Debt Service - Principal

Enterprise Fund

Year of Issue	Project	Amount Issued	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Issue	Total
			Principal	Principal	Principal	Principal	Principal	Principal	Principal	Balance	Principal
1998	Water Treatment Plant	\$ 1,175,000	\$ 63,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 62,000	\$ 52,000	\$ 243,000	\$ 605,000
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 11,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 49,000	\$ 121,000
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 40,000	\$ 40,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 175,000	\$ 390,000
1999	Sewer (Union St)	\$ 615,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 125,000	\$ 305,000
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000	\$ 275,000
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 150,000	\$ 300,000
2000	Sewer (Boden Ln & Water, Lincoln, etc.)	\$ 1,335,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 240,000	\$ 580,000
2002	Water Meters	\$ 1,800,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ 540,000
2002	Water Relining	\$ 700,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 210,000
2002	Water Relining	\$ 1,420,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ 420,000
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 140,000	\$ 260,000
2002	Sewer (Leach Ln)	\$ 210,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 70,000	\$ 130,000
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 155,000	\$ 150,000	\$ 145,000	\$ 140,000	\$ 135,000	\$ -	\$ -	\$ -	\$ 570,000
2004	Water Meters	\$ 350,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ 175,000
2005	Sewer I&I (MWRA)	\$ 338,250	\$ 67,650	\$ 67,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,650
2006	Sewer (Speen St, Park Ave)	\$ 2,100,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 1,260,000	\$ 1,890,000
2007	Water Treatment (MWPAT) *Refunded	\$ 4,884,838	\$ 210,014	\$ 215,720	\$ 221,640	\$ 227,662	\$ 233,911	\$ 243,023	\$ 250,438	\$ 3,022,977	\$ 4,415,370
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 30,925	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 30,000	\$ 195,000
2009	Water Relining	\$ 3,000,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 900,000	\$ 2,700,000
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 80,000
2009	Equipment W-29 Dump Truck	\$ 70,000	\$ 20,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
	Estimated Final Phase V	\$ 1,400,000	\$ -	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 560,000	\$ 1,400,000
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer Enterprise Principals		\$ 23,594,013	\$ 1,642,589	\$ 1,777,370	\$ 1,700,640	\$ 1,651,662	\$ 1,247,911	\$ 1,117,023	\$ 1,074,438	\$ 7,109,977	\$ 15,679,020
Total Balance Remaining				\$ 15,679,020	\$ 13,901,650	\$ 12,201,010	\$ 10,549,348	\$ 9,301,438	\$ 8,184,414	\$ 7,109,977	\$ -



Town of Natick

Home of Champions

Department: Water/Sewer Debt Service - Interest

Enterprise Fund

Year of Issue	Project	Amount Issued	Fiscal Year 2009 Interest	Fiscal Year 2010 Interest	Fiscal Year 2011 Interest	Fiscal Year 2012 Interest	Fiscal Year 2013 Interest	Fiscal Year 2014 Interest	Fiscal Year 2015 Interest	Issue Balance	Total Interest
1998	Water Treatment Plant	\$ 1,175,000	\$ 30,905	\$ 27,780	\$ 24,835	\$ 22,014	\$ 19,131	\$ 16,186	\$ 13,424	\$ 25,675	\$ 149,045
1998	Sewer (Pleasant, Rockwood, etc.)	\$ 285,000	\$ 6,145	\$ 5,570	\$ 5,000	\$ 4,454	\$ 3,896	\$ 3,326	\$ 2,744	\$ 4,975	\$ 29,965
1999	Sewer (Pleasant, Eliot, Union, etc.)	\$ 750,000	\$ 20,598	\$ 18,738	\$ 16,958	\$ 15,264	\$ 13,536	\$ 11,786	\$ 10,014	\$ 22,881	\$ 109,178
1999	Sewer (Union St)	\$ 615,000	\$ 16,053	\$ 14,658	\$ 13,233	\$ 11,781	\$ 10,300	\$ 8,800	\$ 7,281	\$ 16,344	\$ 82,396
1999	Water (Lakeshore Dr)	\$ 500,000	\$ 14,463	\$ 13,300	\$ 12,113	\$ 10,903	\$ 9,669	\$ 8,419	\$ 7,153	\$ 16,344	\$ 77,900
2000	Water (Lakeshore Dr)	\$ 540,000	\$ 16,306	\$ 14,950	\$ 13,700	\$ 12,450	\$ 11,200	\$ 9,938	\$ 8,650	\$ 24,119	\$ 95,006
2000	Sewer (Boden Ln & Water, Lincoln, etc)	\$ 1,335,000	\$ 32,114	\$ 27,670	\$ 23,170	\$ 19,920	\$ 17,920	\$ 15,900	\$ 13,840	\$ 38,590	\$ 157,010
2002	Water Meters	\$ 1,800,000	\$ 31,410	\$ 23,760	\$ 16,020	\$ 8,100	\$ -	\$ -	\$ -	\$ -	\$ 47,880
2002	Water Relining	\$ 700,000	\$ 12,215	\$ 9,240	\$ 6,230	\$ 3,150	\$ -	\$ -	\$ -	\$ -	\$ 18,620
2002	Water Relining	\$ 1,420,000	\$ 24,430	\$ 18,480	\$ 12,460	\$ 6,300	\$ -	\$ -	\$ -	\$ -	\$ 37,240
2002	Sewer (Lakeshore Rd)	\$ 430,000	\$ 13,410	\$ 12,560	\$ 11,700	\$ 10,820	\$ 9,920	\$ 9,000	\$ 8,040	\$ 28,260	\$ 90,300
2002	Sewer (Leach Ln)	\$ 210,000	\$ 6,705	\$ 6,280	\$ 5,850	\$ 5,410	\$ 4,960	\$ 4,500	\$ 4,020	\$ 14,130	\$ 45,150
2003	Water Elm Bank *Refunded	\$ 1,375,000	\$ 24,400	\$ 19,050	\$ 13,900	\$ 8,200	\$ 2,700	\$ -	\$ -	\$ -	\$ 43,850
2004	Water Meters	\$ 350,000	\$ 7,963	\$ 6,913	\$ 5,600	\$ 4,200	\$ 2,800	\$ 1,400	\$ -	\$ -	\$ 20,913
2005	Sewer I&I (MWRA)	\$ 338,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	Sewer (Speen St, Park Ave	\$ 2,100,000	\$ 79,275	\$ 74,681	\$ 70,350	\$ 66,150	\$ 62,081	\$ 58,144	\$ 54,206	\$ 312,506	\$ 698,119
2007	Water Treatment (MW PAT) *Refunded	\$ 4,884,838	\$ 124,071	\$ 118,366	\$ 112,446	\$ 106,425	\$ 100,177	\$ 91,065	\$ 83,651	\$ 293,499	\$ 905,629
2008	Water Treatment Plant *Refunded	\$ 225,925	\$ 8,756	\$ 6,500	\$ 5,525	\$ 4,550	\$ 3,575	\$ 2,600	\$ 1,788	\$ 1,650	\$ 26,188
2009	Water Relining	\$ 3,000,000	\$ 61,688	\$ 111,375	\$ 96,375	\$ 81,375	\$ 66,375	\$ 56,250	\$ 45,750	\$ 70,500	\$ 528,000
2009	Equipment W-9 Backhoe	\$ 90,000	\$ 1,856	\$ 3,313	\$ 2,813	\$ 2,313	\$ 1,813	\$ 1,475	\$ 1,125	\$ 1,150	\$ 14,000
2009	Equipment W-29 Dump Truck	\$ 70,000	\$ 1,650	\$ 2,500	\$ 1,500	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ 4,750
	Estimated Final Phase V	\$ 1,400,000	\$ -	\$ 56,000	\$ 50,400	\$ 44,800	\$ 39,200	\$ 33,600	\$ 28,000	\$ 56,000	\$ 308,000
	BANs and Issue Costs	\$ -	\$ 20,000	\$ 46,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 146,000
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer Enterprise - Interest		\$ 23,594,013	\$ 554,411	\$ 637,682	\$ 540,176	\$ 469,329	\$ 399,253	\$ 352,388	\$ 309,687	\$ 926,623	\$ 3,635,137

Total Balance Remaining	\$ 3,635,137	\$ 2,997,455	\$ 2,457,279	\$ 1,987,950	\$ 1,588,698	\$ 1,236,310	\$ 926,623	\$ -
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Summary of Debt

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Issue	Total
Principal	\$ -	\$ 1,777,370	\$ 1,700,640	\$ 1,651,662	\$ 1,247,911	\$ 1,117,023	\$ 1,074,438	\$ 7,109,977	\$ 15,679,020
Interest	\$ -	\$ 637,682	\$ 540,176	\$ 469,329	\$ 399,253	\$ 352,388	\$ 309,687	\$ 926,623	\$ 3,635,137
Total	\$ -	\$ 2,415,052	\$ 2,240,816	\$ 2,120,991	\$ 1,647,163	\$ 1,469,411	\$ 1,384,124	\$ 8,036,600	\$ 19,314,158
Total Balance Remaining		\$ 18,094,073	\$ 16,142,467	\$ 14,322,001	\$ 12,196,511	\$ 10,770,849	\$ 9,568,539	\$ 15,146,577	\$ -

**Analysis of Projected FY 2010
Insurance Appropriation
Water & Sewer Enterprise Fund**

Based on February 2009 Enrollment with February 2009 rates as set by West Suburban Health Group

	Individual		Family		Total Cost			Individual	
	Total	Town Share	Total	Town Share				Total	Town Share
Active Employees Plans:									
HEALTH PLANS:	\$	%	\$	%	\$	\$	HEALTH PLANS:	\$	%
Network Blue							First Seniority*		
Monthly Rates (Regular Members)	651.00	86.38%	562.33	1,747.00	77.30%	1,350.43	Monthly Rates (Senior Care)	223.00	50.00%
Participants			2			2	Monthly Rates (Senior Care)	245.30	50.00%
Annual Total			\$13,496			\$32,410	Participants		0
							Total		\$0
Harvard/Pilgrim PPO							HPHC Medicare Enhancement		
Rates (Regular Members)	1,206.00	50.00%	603.00	2,680.00	50.00%	1,340.00	Monthly Rates (Senior Care)	406.00	50.00%
Participants			1			0	Participants		2
Annual Total			\$7,236			\$0	Total		\$4,872
Harvard/Pilgrim EPO							Fallon Senior Plan *		
Monthly Rates (Regular Members)	605.00	84.96%	514.01	1,577.00	76.71%	1,209.72	Monthly Rates (Senior Care)	207.00	50.00%
Participants Includes 25 N/H)			5			8	Monthly Rates (Senior Care)	234.30	50.00%
Annual Total			\$30,840			\$116,133	Participants		0
							Total		\$0
Tufts POS							Tufts Medicare Compliment		
Monthly Rates (Regular Members)	1,206.00	50.00%	603.00	2,680.00	50.00%	1,340.00	Monthly Rates (Senior Care)	339.00	50.00%
Participants			0			0	Participants		2
Annual Total			\$0			\$0	Total		\$4,068
Tufts EPO							Medex III		
Monthly Rates (Regular Members)	620.00	88.73%	550.13	1,622.00	77.75%	1,261.11	Monthly Rates (Senior Care)	432.00	50.00%
Participants			4			8	Participants		5
Annual Total			\$26,406			\$121,066	Total		\$12,960
Fallon Group Select Care							Tufts Medicare Preferred		
Monthly Rates (Regular Members)	535.00	90.00%	481.50	1,442.00	80.00%	1,153.60	Monthly Rates (Senior Care)	164.00	50.00%
Participants			0			0	Participants		0
Annual Total			\$0			\$0	Total		\$0
Fallon Group Direct Care							Medicare HMO Blue*		
Monthly Rates (Regular Members)	496.00	90.00%	446.40	1,341.00	80.00%	1,072.80	Monthly Rates (Senior Care)	216.20	50.00%
Participants			0			0	Monthly Rates (Senior Care)	245.85	50.00%
Annual Total			\$0			\$0	Participants		0
RATE SAVER EPO PLANS:							Total		\$0
Blue Choice							BCBS Managed Blue for Seniors		
Monthly Rates (Regular Members)	537.00	86.38%	463.86	1,441.00	76.71%	1,105.39	Monthly Rates (Senior Care)	386.39	50.00%
Participants Includes 25 N/H)			0			0	Participants		0
Annual Total			\$0			\$0	Total		\$0
Fallon Group Direct Care							Medicare Reimbursement *		
Monthly Rates (Regular Members)	423.00	90.00%	380.70	1,140.00	80.00%	912.00	Monthly Rate (Jul-Dec)	96.40	50.00%
Participants			0			0	Monthly Rate (Jan-Jun) (6%)	102.18	50.00%
Annual Total			\$0			\$0	Participants		9
Fallon Group Select Care							Total		\$5,362
Monthly Rates (Regular Members)	455.00	90.00%	409.50	1,226.00	80.00%	980.80			
Participants			0			0			
Annual Total			\$0			\$0			
Harvard/Pilgrim									
Monthly Rates (Regular Members)	514.00	84.96%	436.69	1,341.00	76.71%	1,028.68			
Participants			0			0			
Annual Total			\$0			\$0			
Tufts Navigator									
Monthly Rates (Regular Members)	526.00	88.73%	466.72	1,379.00	77.75%	1,072.17			
Participants			0			0			
Annual Total			\$0			\$0			
ITT Hartford Life									
Monthly Rate			4.20						
Participants (All)			30						
Annual Total			\$1,512			\$			1,512
Premium Cost Summary									
WSHG Active Health Plans									
WSHG Retiree Health Plans									
Medicare Reimbursement									
Life									
Total Premium									
Flu Shots									
Sentinel Benefits									
Cook & Co - Consultants									
All other Miscellaneous Items: (Health Fair/Legal Issues, etc.)									
Total Appropriation Needed									

as of 3/17/2009



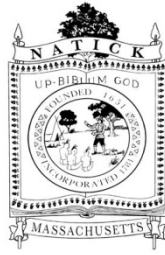
Town of Natick

Home of Champions

Department: Water & Sewer Operations

Indirect Cost Allocations

PERCENTAGE ALLOCATIONS	PERSONNEL	FRINGE	EXPENSES	TOTAL
DPW ADMINISTRATION	\$ 93,733	\$ 33,416	\$ 11,180	\$ 138,329
BUILDING MAINTENANCE	48,527	17,300	60,080	125,907
ENGINEERING SERVICES	242,464	86,440	35,935	364,839
GIS SERVICES	(46,366)	(16,530)	-	(62,896)
EQUIPMENT MAINTENANCE	203,485	72,544	108,450	384,479
HIGHWAY MAINTENANCE	49,028	17,479	68,238	134,745
PUBLIC SAFETY	227,017	80,933	13,481	321,431
FINANCIAL / ADMINISTRATIVE	298,682	106,482	158,016	563,180
DEBT SERVICE	-	-	80,058	80,058
PROPERTY INSURANCE	-	-	198,460	198,460
ENERGY	-	-	257,884	257,884
SUBTOTAL - GENERAL FUND	1,116,570	398,064	991,782	2,506,416



Memorandum

To: Board of Selectmen

From: Michael Walters Young, Deputy Town Administrator

Cc: Martha White, Town Administrator
Robert Palmer, Finance Director

Date: Tuesday, April 14, 2009

Re: FY 2010 Capital

The Water/Sewer Enterprise Division has requested capital projects totaling \$1,650,000 for FY 2010. The most critical of these projects is the \$100,000 to upgrade the SCADA system and the \$150,000 in routine Sewer Main Relining. Those projects and their recommended funding sources are listed below:

FY 2010 Water/Sewer Enterprise Capital Requests

Upgrade SCADA	Cash	\$100,000
<ul style="list-style-type: none"> - Upgrades the SCADA Townwide 		
Sewer Main Relining	Cash	\$150,000
<ul style="list-style-type: none"> - Annual relining of sewer mains in various locations 		
WTP/Elm Bank Security Rehab	Cash	\$100,000
<ul style="list-style-type: none"> - Replaces an antiquated and aging security system. Necessary to maintain proper protection of the Water Treatment Plant. 		

Sub-total cost of all Cash Funded Projects in FY 2010	\$350,000
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Replace W-30	\$250,000
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- Replaces a 1998 Sewer Vac/Truck with a more efficient model

Replace Springvale #1 Well	\$250,000
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- Among one the most important priorities for the Water & Sewer Enterprise Division, this project would comprise two years and incorporate replacing and increasing the capacity of the Springvale #1 Well within 250 feet of the existing well. This is required by the Mass. Department of Environmental Protection. It has the benefits of increasing water flow to the Water Treatment Plant, assists in keeping the reservoirs full at peak demands in the summertime and allows for improved management of the Town's ten wells.

Broad's Hill Town Forest Renovations	\$500,000
- Project would replace roofs and wall sections at reservoirs in the Town Forest based upon results of inspection from 2008.	
Sewer Pump Station Replacement & Upgrade	\$300,000
- This project would replace the Crescent and Fieldstone sewer pump stations	

Sub-total cost of all Debt Funded Projects in FY 2010	\$1,300,000
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Total All Requests – FY 2010	\$1,650,000
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Financing

As indicated above, \$350,000 of capital is forecast to be funded directly from rate revenue, while the remaining \$1,300,000 is forecast to be funded through debt. This has very limited financial implications in FY 2010, as only one interest payment would be required to be paid for this issuance in FY 2010. However, an additional \$305,000 of cost would hit in FY 2011 unless the items listed above are issued for periods greater than 10 years. Staff is researching the ability of the Selectmen to extend the useful life of some of these items to produce a lesser burden on ratepayers in FY 2011 and beyond.

The Board of Selectmen approved this list of Capital projects on a 3-2 vote on March 23, 2009.

Staff is available to answer any questions.



Town of Natick

Home of Champions

FY 2010 Budget Development

Attachment D

Capital Plan - FY 2010-2015

Department/Project	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Beyond	Total
Enterprise Funds								
Public Works - Water/Sewer								
REPLACE EVERGREEN #1 WELL	0	0	250,000	0	0	0	0	250,000
REPLACE SPRINGVALE #1 WELL	250,000	250,000	0	0	0	0	0	500,000
REPLACE SPRINGVALE #4 WELL	0	0	0	250,000	0	0	0	250,000
SEWER MAIN RELINING	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,050,000
ELM BANK REPAIRS - VFD	0	100,000	0	0	0	0	0	100,000
BOOSTER PUMP - GLENRIDGE	0	250,000	0	0	0	0	0	250,000
REPLACE W-30	250,000	0	0	0	0	0	0	250,000
PINE OAKS WELLS REPLACE MCC	0	0	0	90,000	0	0	0	90,000
RUNNING BROOK/VESTA RD PUMP STATION	0	0	10,000	0	0	0	0	10,000
SEWER ALARMS UPGRADE	0	0	100,000	0	0	0	0	100,000
TRAVIS ROAD GENERATOR	0	0	75,000	0	0	0	0	75,000
REPLACE ROOFS AND GUTTERS WELL HOUSES&SEWER STA.	0	50,000	50,000	0	0	0	0	100,000
SEWER MAIN ON COTTAGE & UNION STREET	0	50,000	0	0	0	0	0	50,000
WTP/ELM BANK SECURITY REHAB	100,000	0	0	0	0	0	0	100,000
CHLORINE UPGRADE ELM BANK/PINE OAKS/MORSE POND	0	90,000	0	0	0	0	0	90,000
UPGRADE SCADA	100,000	0	0	0	0	0	0	100,000
BROADS HILL TOWN FOREST RENOVATIONS	500,000	0	0	0	0	0	0	500,000
SEWER PUMP STATION REPLACEMENT AND PUMP UPGRADE	300,000	0	0	0	0	0	0	300,000
GENERATOR BRADFORD RD & GRINDER PUMP	0	0	0	125,000	0	0	0	125,000
W-12 AIR COMPRESSOR	0	0	30,000	0	0	0	0	30,000
DATA COLLECTION GPS BASE STATION	0	0	25,000	0	0	0	0	25,000
REPLACE SPRINGVALE WELL #3	0	0	0	200,000	0	0	0	200,000
Total Water & Sewer Enterprise	1,650,000	940,000	690,000	815,000	150,000	150,000	150,000	4,545,000

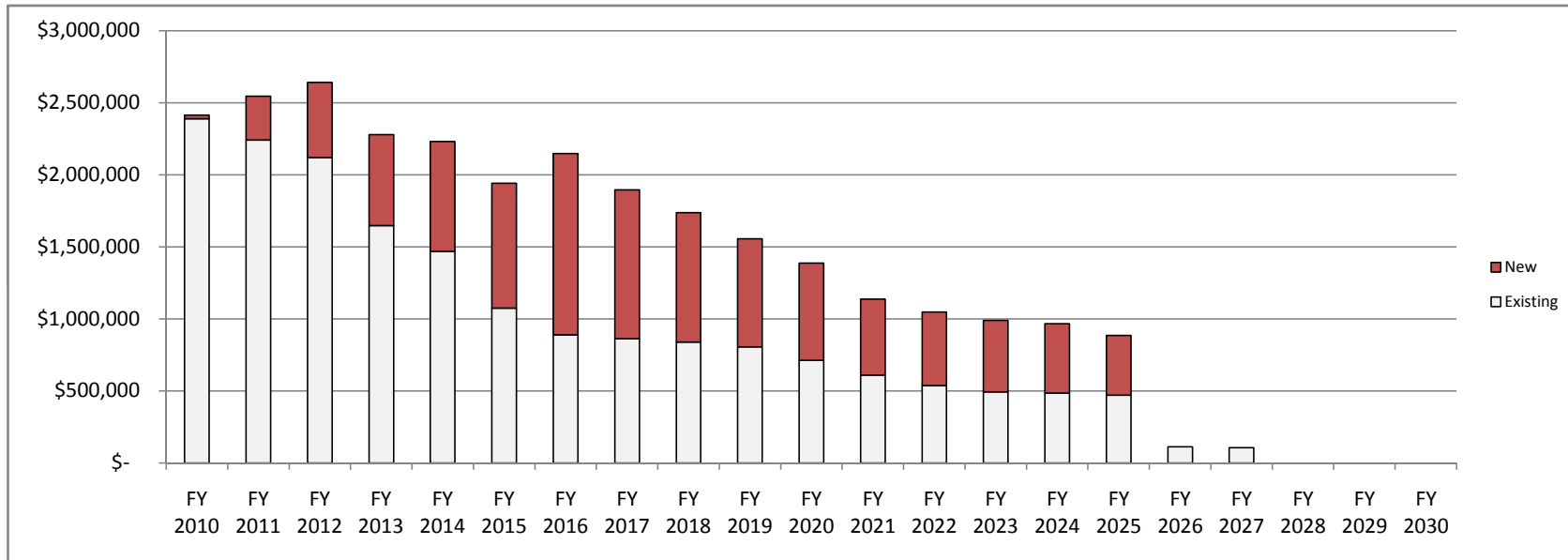


Town of Natick

Water/Sewer Rates - FY 2010 (Proposed)

Attachment D

The analysis shown below is a composite forecast of Water/Sewer Enterprise Debt for the next 20+ years. Existing projects are shown below, while new/forecast projects & issuances are shown in red above the line. All new debt is forecast to be issued at 3.5% interest, with projects under \$500,000 issued for 5 years and those over \$500,000 issued for 10 years. This is only for discussion purposes, and it is very likely debt would be issued to maximize the best rates and gaps available in the rate structure.



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Existing	\$ 2,389,052	\$ 2,240,816	\$ 2,120,991	\$ 1,647,163	\$ 1,469,411	\$ 1,074,438	\$ 889,698	\$ 863,208	\$ 839,404
New	\$ 26,000	\$ 305,500	\$ 520,870	\$ 632,310	\$ 761,050	\$ 867,035	\$ 1,257,995	\$ 1,031,985	\$ 897,130
Total	\$ 2,415,052	\$ 2,546,316	\$ 2,641,861	\$ 2,279,473	\$ 2,230,461	\$ 1,941,473	\$ 2,147,693	\$ 1,895,193	\$ 1,736,534

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Existing	\$ 807,288	\$ 711,881	\$ 610,285	\$ 536,862	\$ 493,823	\$ 486,166	\$ 471,657	\$ 111,536	\$ 107,179
New	\$ 748,125	\$ 676,600	\$ 527,000	\$ 511,250	\$ 495,500	\$ 479,750	\$ 414,000	\$ -	\$ -
Total	\$ 1,555,413	\$ 1,388,481	\$ 1,137,285	\$ 1,048,112	\$ 989,323	\$ 965,916	\$ 885,657	\$ 111,536	\$ 107,179

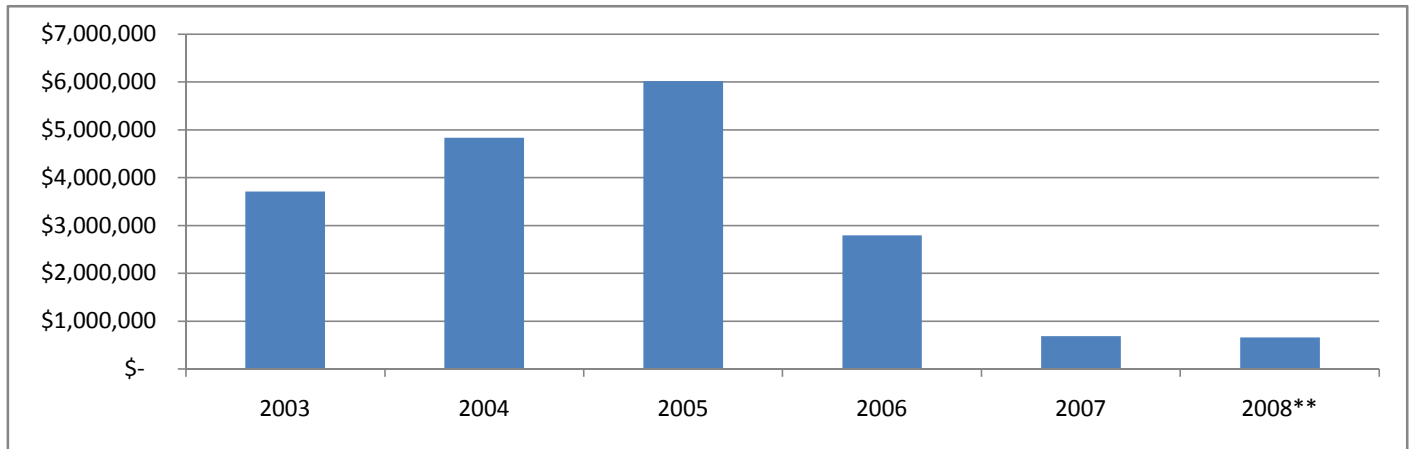


Town of Natick

Water/Sewer Ratesetting - FY 2010
Retained Earnings History*

Attachment E

This attachment provides a history of the retained earnings for the Water/Sewer enterprise fund.



Fiscal Year	2003	2004	2005	2006	2007	2008**
Certified Retained Earnings	\$ 3,712,973	\$ 4,835,052	\$ 6,024,895	\$ 2,791,973	\$ 682,304	\$ 656,440

Notes:

*All retained earnings certified by the Mass. Department of Revenue effective July 1st of the year shown.

**FY 2008 certified retained earnings shown. This number was originally certified at \$1,331,440.

However, subsequent review by staff found errors in that certification, forcing a reduced amount of \$656,440.



Town of Natick

Water/Sewer Rates - FY 2010 (Proposed) MWRA Assessment History

Attachment F

Summary:

This table shows the MWRA Assessment for the Town of Natick for the last 6 years. The budgeted amount/Town meeting appropriation is shown above and the actual assessment is shown below.

Preliminary assessments are available around February 1st of each year. This amount serves as a planning number during the budget process. Around April 15th, a revised assessment is available from the MWRA, but does not become final until June. This is the reason for the discrepancy between the Town Meeting vote and the actual assessment.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
TM Vote	\$ 3,602,225	\$ 3,917,765	\$ 3,917,765	\$ 4,393,956	\$ 4,550,782	\$ 4,052,855
Assessment	\$ 3,625,909	\$ 3,777,540	\$ 3,895,604	\$ 4,065,734	\$ 3,993,631	\$ 3,941,631
Difference	\$ (23,684)	\$ 140,225	\$ 22,161	\$ 328,222	\$ 557,151	\$ 111,224



Town of Natick

Water/Sewer Rates - FY 2010 (Proposed)

Attachment G

This attachment provides a five-year history of general fund, water/sewer enterprise and indirect charges for the Town of Natick.

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
General Fund Budget	\$ 85,532,563	\$ 92,665,857	\$ 96,127,026	\$ 99,219,463	\$ 102,992,739	\$ 101,710,405
Increase from year-to-year	N/A	8.34%	3.74%	3.22%	3.80%	-1.25%
Water Sewer Budgets	\$ 9,612,117	\$ 9,109,819	\$ 9,643,700	\$ 10,083,778	\$ 10,207,292	\$ 10,673,650
Increase from year-to-year	N/A	-5.23%	5.86%	4.56%	1.22%	4.57%

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Indirect Charges						
DPW ADMINISTRATION	\$ 156,771	\$ 163,312	\$ 136,443	\$ 140,922	\$ 149,508	\$ 138,329
BUILDING MAINTENANCE	\$ 174,593	\$ 195,792	\$ 196,786	\$ 115,671	\$ 122,956	\$ 125,907
ENGINEERING SERVICES	\$ 218,438	\$ 306,732	\$ 320,523	\$ 334,638	\$ 361,715	\$ 364,839
GIS SERVICES				\$ (57,217)	\$ (56,308)	\$ (62,896)
EQUIPMENT MAINTENANCE	\$ 399,243	\$ 444,113	\$ 478,352	\$ 365,109	\$ 389,071	\$ 384,479
HIGHWAY MAINTENANCE	\$ 136,826	\$ 134,562	\$ 136,325	\$ 137,700	\$ 141,577	\$ 134,475
PUBLIC SAFETY	\$ 275,385	\$ 281,685	\$ 307,323	\$ 317,591	\$ 342,625	321431
FINANCIAL / ADMINISTRATIVE	\$ 472,337	\$ 494,377	\$ 534,908	\$ 562,822	\$ 596,211	563180
DEBT SERVICE	\$ 87,715	\$ 85,173	\$ 90,544	\$ 87,440	\$ 82,811	\$ 80,058
PROPERTY INSURANCE	\$ 84,375	\$ 103,750	\$ 149,430	\$ 153,164	\$ 165,416	\$ 198,460
ENERGY	\$ -	\$ -	\$ -	\$ 221,752	\$ 250,762	257884

GENERAL FUND INDIRECTS	\$ 2,005,683	\$ 2,209,496	\$ 2,350,634	\$ 2,379,592	\$ 2,546,344	\$ 2,506,146
Increase from year-to-year	N/A	10.16%	6.39%	1.23%	7.01%	-1.58%



Town of Natick

Water/Sewer Rates - FY 2010 (Proposed) Usage History

Attachment H

This attachment provides a four-year history of gross usage in the water/sewer enterprise fund. Amounts shown are in Hundred Cubic Feet (HCF).

Based on FY2006 Use

Based on FY2007 Use

CODE	USE	AVERAGE	CODE	USE	AVERAGE
ELD	7,357	14.48	ELD	6,972	13.67
ELW	1,768	15.24	ELW	1,726	14.63
IRR	199,534	25.59	IRR	129,355	16.33
PIT	9,719	359.96	PIT	12,987	618.43
SEW	15,492	336.78	SEW	11,607	154.76
WAT	200,574	35.65	WAT	174,904	30.6
WSM	1,153,965	31.34	WSM	1,047,889	26.07
Total	1,588,409		Total	1,385,440	

Based on FY2008 Use

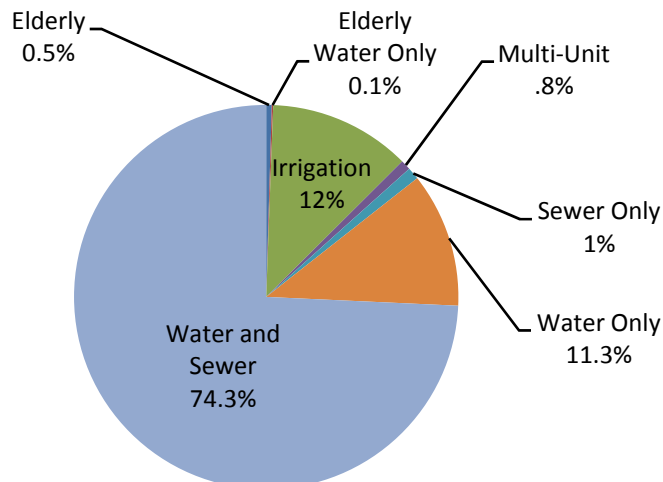
Based on FY2009 Use

CODE	USE	AVERAGE	CODE	USE	AVERAGE
ELD	7,379	14.64	ELD	6,434	14.27
ELW	1,986	14.71	ELW	1,274	11.80
IRR	229,183	26.62	IRR	160,116	19.17
PIT	16,186	735.73	PIT	11,746	587.30
SEW	20,942	265.09	SEW	13,229	171.81
WAT	169,441	27.8	WAT	136,178	24.84
WSM	1,183,085	29.33	WSM	1,080,467	28.54
Total	1,628,202		Total	1,409,444	

Four-year Average

CODE	USE	AVERAGE
ELD	7,036	14.265
ELW	1,689	14.095
IRR	179,547	21.9275
PIT	12,660	575.355
SEW	15,318	232.11
WAT	170,274	29.7225
WSM	1,116,352	28.82
Total	1,502,874	

Percentage Breakout of Use Types





Town of Natick, Massachusetts

Water/Sewer Enterprise Fund Recommended Financial Policies

The Town of Natick does not have adopted policies governing the use and administration of its finances. One such area where policies are a necessary and effective tool is for Enterprise Funds. The list of proposed policies below is not a complete list, and is intended for discussion purposes only. Any adoption of policies for one entity of the Town should be done in concert with a comprehensive set of policies for all fiscal matters.

1) Reserves

Maintaining adequate reserves is a fundamental principle of sound financial management. Although there is no standardized reserve policy guidance for enterprise funds in Massachusetts, industry practice would suggest the following:

- a) Operating Reserve: Maintain 30-60 days of operating reserve in retained earnings or a specialized stabilization fund at all times. The Natick equivalent to this in FY 2009 would be approximately \$1,000,000-\$2,000,000. This reserve could be used to stabilize rates in the event of unforeseen significant budgetary impacts, (e.g. unpredicted mid-year MWRA Assessments).
- b) Capital Reserve: Maintain an appropriate capital reserve for two purposes: a) to mitigate those pieces of the Town's infrastructure which pose a moderate to immediate risk and require immediate resolution, and b) to fund items which regularly need to be replaced (i.e. Vehicles, Equipment and Small Infrastructure). The recommended amount for Natick would be approximately \$750,000.

2) Capital Financing

In order to preserve the Town's fixed asset base and ensure that Water and Sewer facilities, and equipment efficiently and effectively support the Town's programs and operations, the Town should provide consistent and stable funding sources for the timely and periodic renewal and/or replacement of water/sewer infrastructure, vehicles and equipment. To that end:

- a) Methods of Financing: Generally, the Town shall finance all vehicles, equipment and infrastructure with a useful life under 10 years out of its Capital Reserve. For those vehicles, equipment and infrastructure with a useful life greater than 10 years, the town shall borrow as per the regulations set forth under M.G.L. Ch. 44 Sec, 7 & 8 and/or any other applicable laws.
- c) Asset Renewal & Replacement Reserve (Stabilization Fund): In order to augment debt issuance and repayment costs, the Town should establish and regularly fund an Asset Renewal & Replacement Fund for the purpose of partially or completely funding capital improvements.
- b) Debt Management: When borrowing is necessary to finance a capital improvement, the Town Finance Director shall seek to issue bonds in such way as to minimize issuance and interest costs while achieving the best terms for the financial betterment of the Enterprise Fund.
- c) Capital Planning: All capital projects funded through the Enterprise Fund must be part of the agreed to and adopted 5-year Capital Improvement Plan.

3) Rate Structures

- a) The Town of Natick should continue its established practice of ascending or inclined block rates for water usage in order to promote conservation.
- b) Rates should be proposed and adopted sufficient to cover all costs incurred during the fiscal year with the exception of catastrophic events. Mid-year rate modifications should be avoided whenever possible.

Overall

These policies should be reviewed at regular intervals for their effectiveness and continued improvement.